

A low-angle, upward-looking photograph of a massive circular concrete structure under construction. The structure is composed of many large, grey concrete panels with visible joints and small protrusions. A red metal safety railing runs along the inner edge of the structure. Three construction workers in high-visibility orange and yellow gear are standing on the railing, looking out. The sky is a clear, bright blue with some light clouds. A solid red vertical bar is on the left side of the page.

Delivering Sustainable Growth

Galliford Try Holdings plc
Annual Report and
Financial Statements 2024

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Performance

Revenue

£1,772.8m

(2023: £1,393.7m)

Pre-exceptional operating profit before amortisation¹

£29.6m

(2023: £19.1m)

Divisional operating margin²

2.5%

(2023: 2.4%)

Pre-exceptional profit before tax¹

£32.7m

(2023: £20.6m)

Profit before tax

£30.9m

(2023: £10.1m)

Average month-end cash³

£154.8m

(2023: £134.7m)

Pre-exceptional earnings per share¹

27.9p

(2023: 16.6p)

Earnings per share

36.2p

(2023: 8.7p)

Full year dividend per share

15.5p

(2023: 10.5p)

Order book

£3.8bn

(2023: £3.7bn)

- Strong performance across all operations delivering increased revenue and profit.
- Pre-exceptional profit before tax¹ increased by 59% to £32.7m (2023: £20.6m).
- Divisional operating margin² increased to 2.5% (2023: 2.4%).
- Final dividend payment of 11.5p (2023: 7.5p), together with an interim dividend of 4.0p giving a total dividend for the financial year of 15.5p, up 47.6%.
- Well-capitalised debt-free balance sheet, average month-end cash for the period of £154.8m (2023: £134.7m), PPP asset portfolio of £41.8m (2023: £44.6m) and no pension liabilities.
- Confident outlook with high-quality £3.8bn order book (2023: £3.7bn) positioned across our chosen sectors and 92% of FY25 revenue already secured.
- Additional capital return through £10m share buyback programme.
- Capital Markets Event, held on 23 May 2024, set out the Group's growth strategy to 2030, building further on the strong operational and financial performance delivered since 2021.

1 Stated before exceptional items. Exceptional items relate to our investment in cloud-based Enterprise Resource Planning (ERP) and recovery of a Corporation Tax Group Relief adjustment. See note 32 for a reconciliation of statutory numbers to Alternative Performance Measures.

2 Divisional operating margin is defined as operating profit before amortisation as a percentage of revenue.

3 Average month-end cash is a non-statutory measure the Group refers to, being the average month-end cash balance over the financial year.

A compelling investment

A progressive culture

Our approach to running a good construction business that can perform consistently and predictably revolves around retaining and developing our people and attracting new people, who share our purpose, values, objectives and approach to business. We create a working environment where people are motivated to give their best, we empower them with the tools and resources required to carry out their work, and we reward them competitively. This is reflected in our consistently high, and above average, employee advocacy score of 87%, and low churn rate of 11.4%.

Robust market opportunity

There is robust and consistent long-term demand across our sectors driven by climate change, population growth and ageing social and economic infrastructure, which needs to be replaced, repaired or upgraded. This demand is underpinning growth in our chosen markets, where we benefit from established positions. We are also growing in our adjacent markets (page 14), where the work is complementary to our existing capabilities, where there is strong demand, where the risk profile is within our appetite, and the margins are higher.

Our geographical footprint, excellent client and supplier relationships and the barriers to entry at the scale at which we operate in these markets also give us an advantage.

Rigorous risk management

The vast majority of the work in our order book is won on a differentiated quality basis over price, giving us a well bid, non-cyclical, high-quality pipeline of work. Some 91% of our clients are in the public and regulated sectors; we know these clients well and work collaboratively with them under long-term agreements. This manages risk and offers excellent future visibility of work. Visibility enables us to plan our resources and sustains our strategy of only pursuing opportunities where we have the skills, resources and contract terms and conditions to be successful. Knowing we have a quality future workload means we can remain selective about the work we take on.

Strong financial position

Our robust balance sheet is attractive to clients, as they seek to work with contractors who can deliver for them in the long term. It is also valued by our supply chain who want prompt payment and forward visibility of work, and employees for whom job security is key. Balance sheet strength means we can invest in our business, people and technology and gives us the agility and ability to react quickly to strategic opportunities when they arise. Once again, it reinforces our strategy to remain selective about the work we take on.

Delivering Sustainable Growth

We are proud to be one of the UK's largest construction companies, and are passionate about our role in delivering vital social and economic infrastructure across the country, making a real difference to people's lives.

Where we are going

We are demonstrating a track record of improving, consistent and predictable financial results. Having delivered increased revenue and divisional operating margin and progressed our original 2026 strategic targets ahead of plan, our updated Sustainable Growth Strategy to 2030 targets further growth across core and adjacent markets, retaining a strong balance sheet and cash position, and delivering sustainable returns for shareholders.

➔ See our Sustainable Growth Strategy to 2030 on page 14.



Bill Hocking
Chief Executive

Business overview

One of the UK's leading construction groups

What we do

We are a major construction group, operating predominantly as Galliford Try in England and Wales, and Morrison Construction in Scotland. Our business is organised into three areas: Building, Infrastructure and Investments, which cover our core markets. We have growing capabilities in higher margin Specialist Services. Our network of regional offices is a key advantage, offering clients the benefit of national strength with local relationships.

→ See more on page 4.



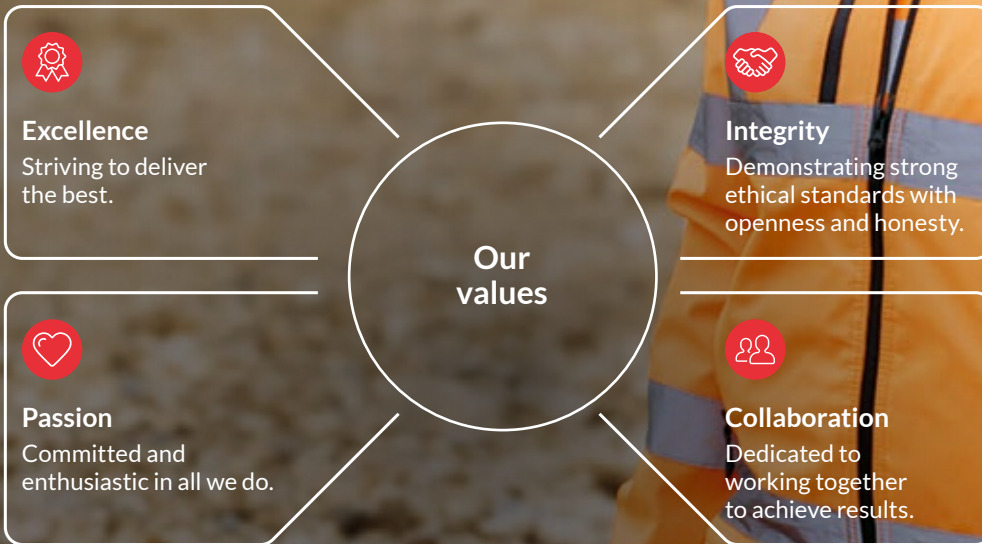
What we believe

Our purpose

To improve people’s lives by building the facilities and infrastructure that communities need, while providing opportunities for our people to learn, grow and progress; working with our supply chain to promote the very best working practices; and caring for the environment in which we work.

Our vision

To be a people-orientated, progressive business, driven by our values to deliver for our stakeholders and the communities we work in.



➔ Scan the QR code to watch our What we do video.



Our business model

A progressive UK construction business

We are proud to deliver vital buildings and infrastructure across the country that make a real difference to people's lives.

We are one of the UK's tier one contractors. We lead the overall management of a project, liaising with designers, and hiring and managing subcontractors to carry out the works under our direction.



What we do

Building

Operates across the UK, designing, constructing and refurbishing assets across markets where we have significant expertise and opportunities, particularly the education, health, defence, custodial and affordable homes sectors. In addition, we work with carefully selected blue-chip clients in the commercial sector. Our Facilities Management business works with Building, predominantly in the education and health sectors. Its capabilities include delivering high-quality, full life-cycle solutions and green retrofit solutions to enhance the sustainability performance of client assets.

Infrastructure

Carries out vital civil engineering projects across the UK. It comprises:

Environment covering the water and sewage sectors, where we are one of the largest contractors in the market, carrying out capital design and delivery, alongside maintenance, and asset optimisation.

Highways where we contribute substantially to the national road network and carry out major project delivery of large-scale schemes for local authorities, as well as active travel, maintenance work and urban, multi-modal transport schemes.

Investments

Has expertise in leading bid consortia and arranging finance to devise and secure the right solution for our clients on an individual basis. We specialise in managing construction through to operations for major building projects via public private partnerships. These skill sets are used to progress co-development opportunities, with a focus on the Private Rented Sector (PRS).

Specialist Services

In addition to our three main businesses, we are growing our Specialist Services businesses including our fire-protection and façade remediation specialists Oak Specialist Services; our active security business Asset Intelligence; and our Digital Infrastructure business which offers property access, installation of telecom infrastructure for the Radio Access Network market and is expanding into sectors such as defence and private 5G networks.



Who we work with

We primarily work with clients in the public and regulated sectors, where we have core strengths and a track record, based on a strong understanding of client requirements, the market and risk profile. In Building, this includes major public sector bodies including the Department for Education, the Ministry of Defence, the Ministry of Justice, the Department for Health and Social Care, and Homes England. In our Environment business, we work with all 13 of the UK's largest water and sewerage companies. Our Highways business partners with National Highways as well as local authorities across the country, and Investments works with major investment funds and PRS businesses.



Our business model continued

How we do it

1 Identifying opportunities

We seek opportunities within our chosen markets and only pursue those where we have the skills, expertise and resources to successfully complete the work safely, profitably and to a high quality. We work with clients who value a collaborative approach and long-term relationships, often by working under frameworks (page 53). These are multi-year procurement vehicles which public and regulated sector clients use to procure goods and services from a list of pre-approved contractors, with agreed terms and conditions. Once awarded, frameworks typically run for one to four years and provide opportunities for deeper, collaborative working and support the achievement of wider strategic and social goals, better understanding between parties, early mitigation of risk and repeat business.

2 Alignment to risk appetite

Our businesses follow a well-established contract selection process to ensure all aspects of a contract's terms and conditions satisfy our strict criteria. Initial selection considers factors such as the type of work, our geographical presence, local sensitivities, client, size of the project, technical complexities, our experience of similar projects and resource availability in that area. Contracts meeting this criteria are considered by our teams and subjected to a rigorous assessment of risk. All contracts with a value exceeding £25m, or specific risk parameters require Executive Board review before proceeding. It speaks to our culture that very few projects reach Board level that are not subsequently approved, demonstrating cross-company alignment to the Board's strict risk appetite.

3 Assembling a team and procuring products and services

Delivering a construction project requires different disciplines, some of which are specialist. Our role includes assembling the right team, including subcontractors and sometimes consultants, who have the skills, knowledge, experience and organisational capability to carry out the required works, such as mechanical and electrical work.

Because the majority of the construction phase is delivered with our supply chain, we align key supply chain members with our culture and develop collaborative relationships using our Advantage through Alignment programme. We choose our partners based on their ability to deliver the work and improve social, environmental and economic outcomes for us and our clients.

Our reputation as a prompt payer and collaborative client who seeks mutually beneficial relationships works to our advantage when selecting supply chain partners, particularly in times of high demand or skills shortages.

4 Planning and managing construction

We plan, manage, monitor and oversee the project's construction phase, subcontracting packages of work to specialist trade supply chain partners.

Pre-construction and planning activities are an essential part of managing a construction project and we look to start as early as possible to influence design decisions. During these phases, we identify and resolve risks such as those relating to health and safety, resources and build conditions, presence of asbestos, underground or overhead services, site restrictions, ground conditions and logistical challenges.

In the construction phase, we carry out the agreed work managing and monitoring safety, time, budget, quality and sustainability requirements. We co-ordinate with the client, designer and all contractors and workers involved, and supervise the overall works to track progress, resolving any challenges including unforeseen events and make any required adjustments.

5 Handover

Before handover, we check the project against contractual requirements and ensure all final installations and outstanding deliverables have been completed. This includes resolving any potential issues or deficiencies identified during final quality inspections.

The project is then approved by the client and a final completion certificate is typically issued, confirming the project has been handed over in a satisfactory manner. In some instances, we may also take on the maintenance of the asset through our Facilities Management business.



How we generate profit

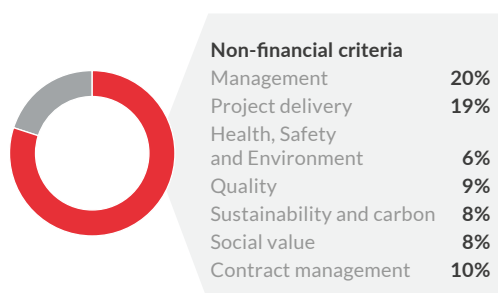
The quality of our order book and contract portfolio continue to be drivers of our margin improvement strategy.

We operate in our selected core markets which we know and understand, and we are targeting growth in adjacent markets, that are within our risk appetite and typically earn a higher margin (page 14). In addition, we earn revenue and profit from our Investments and FM businesses, which offer lower-risk annuity type income and margin accretion.

Our clients are increasingly scoring our tenders on a quality basis, as seen in the pie chart.

We win work on quality outcomes such as our ability to deliver safely and to a high-quality, while meeting criteria including social value and carbon commitments. This procurement method provides a far more mature, sustainable contract environment with higher levels of collaboration between all parties and a more equitable allocation of risk.

Typical work winning criteria



Typical scoring criteria



We typically use target cost/cost reimbursable, two-stage or negotiated tendering methods to win work, which are lower risk:

➔ Target cost/cost reimbursable contract

An overall target contract value is agreed with the client, including margin, risk and inflation contingencies, and the actual cost of the work plus an agreed fee is paid by the client. Any cost savings or overspends against the target are shared.

➔ Two-stage tendering

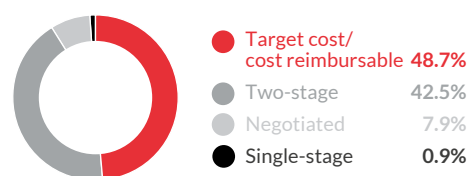
An initial information stage facilitates early collaboration between client and contractor, helping to ensure design, cost certainty and project timescales. This initial phase allows us to submit details under a pre-construction agreement and includes aspects regarding project preliminaries, method statements, design, overheads and profit. The second stage of the process is a package pricing exercise, using the criteria agreed in the first stage, and where the contract is negotiated by us, subject to the approval of the design team.

➔ Negotiated tendering

The client approaches us and the terms of the contract and price are then negotiated.

Under single-stage tendering, projects are priced with margin, risk and inflation contingencies, with all the relevant information provided by the client at the point of issue. This procurement route means that clients are unable to benefit from early contractor engagement.

Order book procurement route



Our focus on quality and digital drives margin by saving the time and cost of redoing work and waste created, taking a 'Right first-time approach'. This is driven by our Business Management System (BMS) which sets out the processes and templates required to provide quality assurance at every step of a project's journey.

We are increasingly taking a digitised approach to project delivery to improve safety, quality and collaboration, drive down carbon and reduce errors and waste in construction (page 43).

Modern Methods of Construction such as off-site construction techniques and factory assembly, as alternatives to traditional building, similarly improve our efficiency and margins by speeding up delivery, reducing labour costs, eliminating unnecessary waste and improving quality (page 13).

Chair's statement

Driving shareholder returns

Our strategy to 2030 is designed to continue our disciplined growth and provide long-term sustainable value for our stakeholders.

A strategy for continued sustainable growth

In May 2024, we announced our updated strategic targets to 2030, having consistently delivered increased revenue and divisional operating margin, and progressed the growth strategy we set out in 2021 ahead of plan.

Despite macro-economic headwinds including a global pandemic; inflation shocks; the cost of living crisis and supply chain constraints in the wider economy over that period, the Group has delivered on its plan to establish Galliford Try as a leading construction group, delivering controlled margin and revenue growth, through a focus on risk management. Furthermore, it is a hallmark of Chief Executive Bill Hocking's leadership and commitment to being a people-orientated and progressive company that this success has been achieved with the passion and commitment of the 4,000 plus strong team at Galliford Try, as reflected in the high employee advocacy scores received in the employee survey.

Alison Wood
Chair



The plan for the future was set out at a Capital Markets Event in May this year, where management outlined Galliford Try's ambitions for growth and margin expansion over the period to 2030. The strategy is an evolution of what the Group has already been doing, successfully, to grow in core and adjacent markets, and is built on the same fundamentals that have served well over the past four years. You can read more about these plans in the Chief Executive's review on page 18 and Strategic Report, as well as the Board decision-making on updating the strategy on page 78.

The importance of culture and engagement

It is my responsibility, as Chair, to monitor and assess our culture; how we engage with our stakeholders, their interests and how we manage ESG (Environment, Social and Governance) matters. These items are built into the Group's strategy, as construction by its nature must take into consideration ESG, and being sustainable helps the Group to win work and engage employees. Demonstrating good ESG is often a requirement of the Government procured frameworks we pursue. These are therefore important themes for the Board, and our ESG Committee and Employee Forum provide valuable insights into what is most important to our people and stakeholders to inform decision-making. More detail is provided in the Governance review.

Engaging senior leaders

Management plays a crucial role in organising, influencing, motivating and leading people within an organisation. Our Leadership Conference brought together our most senior leaders to hear about our progress, opportunities and future challenges through a series of informative and interactive sessions and networking, preparing them for the next phase of the strategy and providing renewed motivation.

192

of our senior management team were brought together for our Leadership Conference



Experienced leadership

I am pleased to say that we have an experienced team in place that enables us to draw on different skills and expertise that will support the delivery of the updated strategy. On 1 March 2024, Kevin Boyd joined the Board as a Non-executive Director of Galliford Try and on 2 September 2024, Kris Hampson joined the Board as our new Chief Financial Officer (CFO). Andrew Duxbury, Finance Director, resigned from the Board in May 2024 and we wish him every success in his new role.

Kevin and Kris bring strong financial and strategic expertise to the Group which will complement existing skill sets and support the Group with the delivery of the updated strategy. Kris, for example, has considerable financial experience with a FTSE 100 company, and his interest in ESG will play a key role in delivering the Group's future growth plans on a day-to-day basis. We have an excellent breadth of experience and capabilities in the Board composition as we move forward.

Increasing shareholder value

Generating attractive returns and rewarding shareholders must be a priority if we wish to deliver on our strategy. Our strategy to 2030 targets sustainable dividends with earnings cover of 1.8x. The full dividend for the year increased by 47.6% to 15.5p (2023: 10.5p).

The Board monitors the Group's cash position, and considers, where appropriate, additional capital returns. On 3 October 2024, we announced a further share buyback programme of a maximum of £10m, reflecting both a corporation tax refund and our confidence in future cash generation.

I have enjoyed hearing from our shareholders and understand what they want to see from our business; their interests have been considered with due attention in the development of our strategy to 2030.

I look forward to meeting with shareholders at our AGM in November to share our performance, hear their views and answer their questions.

Alison Wood
Chair

Market review

Non-cyclical, long-term demand for our services

The new Labour Government has committed to kickstarting economic growth with a 10-year infrastructure strategy to set national priorities and oversee the design and delivery of projects.

Market opportunity

The new Government has emphasised the importance of kickstarting the economy and to “get Britain Building again”.

The UK Government has committed to revolutionising the built environment, overseen by a new National Infrastructure and Service Transformation Authority (Nista) that will reset how infrastructure is delivered, and public services are upgraded. Nista will be given new powers to drive more effective delivery of major projects and infrastructure across the country. This will include forging ahead with new roads, railways, reservoirs and other nationally significant infrastructure, as well as to fulfil the ambition of full gigabit and national 5G coverage by 2030.

How our approach responds to the market

- ➔ **Established operations in growth markets:** we are a key contractor for the Government working across sectors including roads, water, education, health, custodial, defence and digital infrastructure, which form the backbone of the country. A significant 91% of our order book is in the public and regulated sectors and 86% of our order book is in frameworks, which are a key procurement route for the delivery of national infrastructure projects.
- ➔ **National presence and local relationships:** we have a national presence from the Highlands in Scotland, to Plymouth in the South West of England. Our local relationships position us well to help the Government’s aim to tackle geographic disparities in key services and outcomes such as health, education, jobs, and improving lives by bringing more places across the UK closer to opportunity through infrastructure.

Link to strategy: growth via core and adjacent markets.



Prime Minister Sir Keir Starmer, Deputy Prime Minister Angela Rayner and Mayor of London Sadiq Khan visit our project at Plot 14, Brent Cross Town development, on behalf of Related Argent during the election campaign, setting out the Labour Party’s manifesto.

Market opportunity

Our water sector clients are facing unprecedented, widely publicised challenges which are driving urgent investment.

Long-term underinvestment in water infrastructure has resulted in an ageing asset base that requires more frequent maintenance or is in need of replacing. The resilience of this infrastructure to manage the effects of increased storm events and severe weather is exacerbated by poor asset condition.

There is also increasing focus on asset optimisation to extend the operational lifespan of existing facilities and more clients are seeking a full-service offering covering design, build, operation and maintenance.

This is taking place against a backdrop of increasingly stringent environmental and carbon regulations such as The Environment Act 2021, which introduced targets to improve biodiversity, tackle pollution, reduce waste and to deliver a supply of clean and plentiful water for all. In addition, the Government's new Water (Special Measures) Bill seeks to cut sewage spills and attract investment to upgrade infrastructure.

As a result, the expenditure proposed by the water and sewerage companies for the Asset Management Programme (AMP) 8 totals £96bn, almost doubling the previous period's planned value of £51bn.

Scotland has a different regulatory period spanning 2021 to 2027. Its planned value is £5.8bn and, again, it is anticipated that this will double in the next spending review period starting in 2027.

How our approach responds to the market

- **National presence and scale of activity:** we are now one of the biggest contractors in the sector and have 48 frameworks covering 13 water and sewerage clients and are positioned well to serve their current and future needs across spend cycles.
- **We have evolved our capabilities to include capital maintenance and asset optimisation** through the acquisitions of nmcn's water operations, Lintott, MCS Control Systems, Ham Baker and more recently AVRS. This also gives us a 'Source to Sea' approach which enables us to work across the life cycle of client assets, to improve asset efficiency, resilience and optimisation.
- **Our investment in digitalisation**, including digital twins and AI, is enabling optimisation of processes. It allows for benchmarking and real-time analysis and decision-making by multi-disciplinary, dispersed teams via technology.
- **Our carbon capabilities** are enabling our clients to meet both their net zero carbon ambitions, and their objectives to deliver value for customers in the long run.

Link to strategy: growth via core and adjacent markets.

Market opportunity

There is significant, long-term demand to deliver affordable homes in the UK.

In July 2024, the Deputy Prime Minister recognised the under-delivery of 130,000 affordable homes that need to be delivered per annum and announced the biggest boost to affordable housing in a generation, with more investment.

The Government committed to reform planning to accelerate delivery, and set mandatory housing targets for all councils.

The National Housing Federation and charity Crisis have long estimated the level of housing need at 145,000 affordable homes a year.

How our approach responds to the market

- We already have good local authority and housing association relationships, and are seen as a partner of choice.
- Establishing ourselves in this sector will generate higher margin and increased revenue as part of our 2030 strategy.
- Our experience coupled with our established supply chain allows our business to deliver the mid-rise housing schemes that are key to regeneration in our towns and cities.
- Since 2020, we have been building our reputation for high-density urban schemes and have delivered more than 3,000 homes.

Link to strategy: growth via adjacent markets.



Scan the QR code to watch Ian Wardle, CEO of A2Dominion, a London housing association, outline the urgent need for contractors in the affordable homes market, and the welcome re-entry of Galliford Try.

Market review continued

Market opportunity

Changes to fire safety.

The Building Safety Act came into law in January 2022 and sets out safety requirements for landlords and building owners of higher-risk buildings, with new requirements on fire safety. It is driving a huge focus on fire safety across the built environment in the UK across both new build and existing stock. However, the market is fragmented.

How our approach responds to the market

- ➔ **Our Oak Specialist Services business provides** cladding remediation, passive fire protection, fire maintenance, risk assessments, building fabric surveys, new-build facades and green retrofit. The business forms part of our Specialist Services business.
- ➔ **Expand our operations using existing bases:** we see an opportunity for our Oak Specialist Services business to provide a nationwide service to our clients who have a portfolio of property with different suppliers in different regions. Oak is currently London centric. As part of our growth strategy, we plan to grow our geographical presence utilising the current UK-wide Galliford Try office footprint and expanding our workload by cross-selling services to our existing client base.
- ➔ **With repeated services** such as inspections required, the market represents long-term higher margin annuity type revenue.

Link to strategy: growth via adjacent markets.

Market opportunity

Drive for decarbonisation and action on climate change.

In Labour’s 2024 party manifesto, the climate and nature crisis was described as “the greatest long-term global challenge we face”. This is emphasised by the fact that the UK is committed to achieving net zero carbon by 2050.

According to the Construction Industry Council, the built environment is responsible for approximately 38% of global carbon emissions, therefore construction has a major role to play as an enabler of change.

How our approach responds to the market

- ➔ **Investing in knowledge:** we are upskilling our teams to better understand how we can design, build and maintain low carbon infrastructure and buildings through selection of materials and construction methodologies, operational energy consumption and, where relevant, end-of-life decommissioning, which is increasingly enabling our clients to achieve their carbon goals.
- ➔ **Asset optimisation and retrofit capabilities:** our capabilities in asset optimisation and retrofit enable our clients to reduce carbon emissions, increase the lifespan of their facilities and to optimise their performance including environmental credentials.
- ➔ **Digitalisation for efficiency:** our approach to digitalisation and adoption of new technologies such as design rationalisation using our Building Information Modelling (BIM) tools and experience helps us avoid over-specification and reduce materials consumed and waste created.
- ➔ **Adopting Modern Methods of Construction (MMC)** such as off-site manufacture helps to minimise waste and uses materials more efficiently.
- ➔ **Our journey to net zero:** our record of reducing our own carbon emissions and commitment to achieving net zero carbon is attractive to existing and potential clients, as well as being important to employees who want to work for a company that does the right thing.

Link to strategy: operate in a socially and environmentally responsible way.



38%

The built environment is responsible for approximately 38% of global carbon emissions, but can also be an enabler of change.

Case study

Using Modern Methods of Construction for safer, faster delivery

We are adopting MMC to drive efficiency across the design and construction cycle.

In the example of a prison project seen on the right, precast modules were manufactured in a factory complete with security windows, electrical wiring and plumbing. Once built, they were delivered to site for assembly and grouted into their permanent position floor by floor. This method insulates against weather conditions, improves quality and gives greater programme certainty. It requires fewer people on site, is faster and safer to construct, and reduces defects and rework.



Market challenge

Skilled and experienced people are in high demand across the UK.

As investment in construction projects starts to grow, demand is highlighting the lack of skilled professionals in the market. These labour and talent shortages could significantly impact the delivery of the UK's infrastructure.



How our approach responds to the market

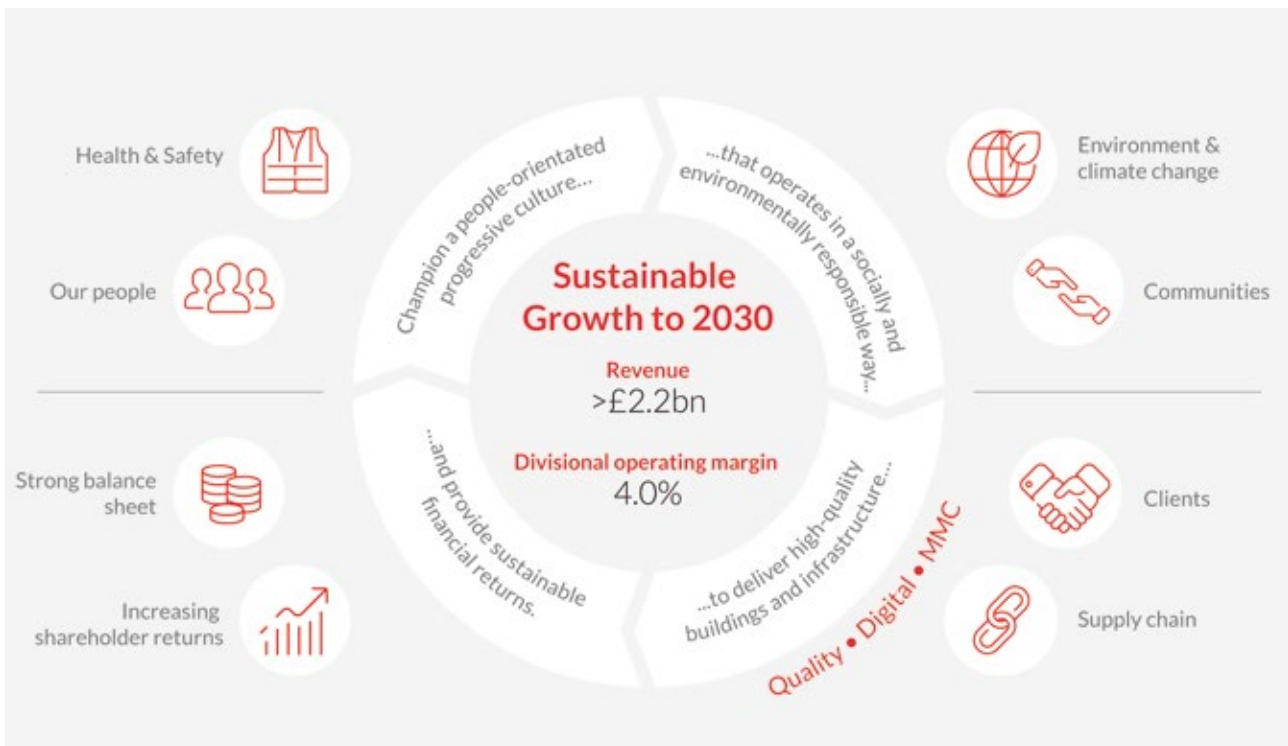
- ➔ **Employer Value Proposition (EVP):** over the last 18 months, we have invested in our EVP – the unique set of benefits that our people receive in return for the skills, capabilities and experience they bring to our business so that we can encourage retention and attract the right talent.
- ➔ **Our people-orientated culture,** including initiatives such as agile working and our focus on wellbeing, support retention and make Galliford Try a more attractive employer, helping us to appeal to a diverse audience, and broadening our pool of potential recruits.
- ➔ **Investment in our people's learning and development** ensures we have the skills we need to carry out our operations and is seen as an attractive benefit to existing and potential talent.
- ➔ **Building talent pools:** our graduate, trainee and apprentice programmes allow us to build our own talent pool. In addition, we actively promote our industry to school and college leavers, as well as graduates through social media use, presentations, visits to our sites and careers exhibitions, which help to encourage a career in construction for future generations. Our approach breaks down stereotypes of the industry and presents it as an important enabler of the UK's plans for the future.
- ➔ **Succession planning:** a structured approach to succession planning enables us to meet the future needs of our business with less likelihood of disruption to operations.
- ➔ **Benefits:** we continue to monitor and enhance our rewards package to improve our EVP. As well as salary and bonus, this extends to company car or car allowance, paid volunteering days, employee assistance programmes, private healthcare and discount schemes.

Link to strategy: champion a people-orientated and progressive approach.

Our Sustainable Growth Strategy

Delivering Sustainable Growth

Our strategy is to target sustainable growth by championing a people-orientated, progressive culture, operating in a socially and environmentally responsible way to deliver high-quality buildings and infrastructure through a focus on quality and innovation, and provide sustainable financial returns.



Growth via core markets

- Building
- Highways
- Environment

Growth via adjacent markets

- Private Rented Sector (PRS)
- Capital maintenance and asset optimisation within the existing Environment sector
- Green retrofit
- Affordable homes
- Specialist Services

Our Sustainable Growth Strategy was introduced in 2021 to ensure we develop our business in a sustainable and profitable way. Having progressed our 2026 targets ahead of schedule, we have set ourselves updated targets for the next strategy period to 2030.

The updated plan will see us aim to increase revenue to in excess of £2.2bn (up from the 2026 target of £1.6bn); and grow divisional operating margin to 4.0% (up from the 2026 target of 3.0%), while providing long-term sustainable value for our stakeholders. This growth will be delivered in existing and adjacent markets as outlined below.

How we will deliver growth

We will grow revenue and margin in our core markets of Building, Highways and Environment.

As well as organic growth, we will leverage our national footprint, core capabilities, excellent client, supplier and community relationships to increase volumes which will drive revenue growth. Margin improvement will be driven by contract selection, embedded margins and operational excellence including digitalisation and MMC.

Why we want to do it

There is resilient, long-term demand across our core sectors providing opportunity for growth.

We understand these markets and their risk profiles and are already working in these sectors, with excellent teams and great client and supplier relationships.

We will grow our higher margin businesses, including within Environment where we have recently undertaken several acquisitions; in our Specialist Services business; and we will re-establish an Affordable Homes offering within our Building division.

Many of these markets are higher margin, but they are fragmented, and clients struggle to find national contractors who can deliver across their portfolios.

The nature of the work is complementary to our existing capabilities and closely related to those we are already established in. We have the ability to leverage the competencies and strengths from our existing markets and apply them here for more significant profits.

➔ See Market review on page 10.



Scan the QR code to watch our Capital Markets Event, where we presented our strategy update.

Our Sustainable Growth Strategy continued

Our Sustainable Growth Strategy is to:

	Strategic priority	Objective	KPI
 <p>Champion a people-orientated, progressive culture.</p> <p>➔ Page 24</p>	Health and safety 	Prioritising health, safety and wellbeing and ensuring no harm to anyone linked with our operations.	<ul style="list-style-type: none"> ➔ Lost Time Frequency Rate (LTFR) ➔ Accident Frequency Rate (AFR)
	Our people¹   	Creating an inclusive environment and progressive culture that enables all individuals to reach their potential.	<ul style="list-style-type: none"> ➔ Employee advocacy score ➔ Early careers as a % of total employees ➔ Women as a % of total employees
 <p>Operate in a socially and environmentally responsible way.</p> <p>➔ Page 31</p>	Environment and climate change²  	Adopting sustainable resourcing and consumption practices and taking measures to mitigate carbon production and climate change to protect our environment and biodiversity.	<ul style="list-style-type: none"> ➔ Scope 1 and 2 carbon emissions – market-based (CO₂e tonnes) ➔ Scope 3 carbon emissions (CO₂e tonnes) – estimated ➔ Waste intensity (tn/£100k revenue)
	Communities 	Making a positive impact in communities where we operate by delivering greater social value and improving lives.	<ul style="list-style-type: none"> ➔ % of completed projects delivering >25% Social and Local Economic Value (SLEV) as a % of contract value ➔ Considerate Constructors Scheme (CCS) performance
 <p>Deliver high-quality buildings and infrastructure.</p> <p>➔ Page 39</p>	Clients   	Delivering lower carbon, superior buildings and infrastructure with a better social footprint for clients in our chosen markets through a focus on innovation, digitalisation and quality.	<ul style="list-style-type: none"> ➔ % of repeat business in our order book ➔ % of full year planned revenue secured at the start of the financial year
	Supply chain 	Aligning our supply chain with our culture and creating collaborative relationships that deliver best practice, innovation and sustainable outcomes for clients, communities and the environment.	<ul style="list-style-type: none"> ➔ % of Business Unit core trades spend with Aligned subcontractors ➔ Prompt payment: % of invoices paid within 60 days
 <p>Provide sustainable financial returns.</p> <p>➔ Page 47</p>	Divisional operating margin	Focus on both top and bottom line growth and accelerated growth in our higher-margin adjacent market businesses.	
	Revenue	Maintaining disciplined contract selection and robust risk management in resilient market sectors.	
	Average month-end cash	Retain a strong balance sheet and operating cash generation.	
	Dividend cover	Sustainable dividends with earnings cover of 1.8x.	

Ambition	FY23	FY24	Progress
No harm	0.20	0.14	→ We saw improvement in the LTFR and AFR over the period. Additionally, 96% of employees said we give health and safety high priority in our employee survey.
No harm	0.09	0.04	
>80%	86%	87%	→ We increased our already high employee advocacy score of how likely employees are to recommend us as a great place to work to 87%. Engagement and participation were significantly higher than UK benchmarks.
>9.0%	10.0%	10.2%	
Year-on-year increase	21.6%	22.5%	→ We made moderate increases in the proportion of early careers population and women in our business.
Net zero by 2030	10,751	10,486	→ Since 2012, we have reduced our scope 1 and 2 carbon emissions (market-based) by 71% when adjusting for acquisitions and disposals.
Net zero by 2045	477,000	Not reported	→ Following our initial full Scope 3 footprinting exercise, we are now focusing on developing a quantity based approach to estimating emissions and have therefore ceased reporting of estimated full Scope 3 emissions using the spend based methodology.
Year-on-year reduction	21.8	17.7	
>60%	94%	79%	→ We continued to exceed our SLEV target performance level, which is aligned to the industry average. → We continued to achieve an above sector average score from CCS which benchmarks our sites on their local impact.
>39 and above industry average	43.4 (industry ave. 40.0)	42.9 (industry ave. 40.7)	
>80%	87%	93%	→ We maintained a high level of repeat business, demonstrating our continued levels of client satisfaction.
>85%	92%	92%	→ We have secured 92% of our work for the next financial year giving us forward visibility and reinforcing our selective approach to the contracts we pursue.
70%–80%	58%	61%	→ We increased % spend with core trades. → We continued to maintain high levels of prompt payment despite the transition to a new Enterprise Resource Planning platform during the year.
>95%	98%	96%	
2030 target	FY23	FY24	Progress
4.0%	2.4%	2.5%	→ Divisional operating margin increased to 2.5%.
>£2.2bn	£1.4bn	£1.8bn	→ Revenue for the year increased by 27% reflecting continuing growth.
Operating cash generation	£135m	£155m	→ Strong cash generation and well-capitalised debt-free balance sheet.
1.8x earnings cover	1.8x earnings cover	1.8x earnings cover	→ Full year dividend of 15.5p. → Special dividend to shareholders of 12.0p per share was paid in October 2023, as previously announced.

1 We have revised the methodology used to calculate our early careers numbers to align to the methodology used by The 5% Club, of which we are a Platinum member. This now includes sponsored students on work placement as well as graduates, apprentices and trainees as at 31 July for the respective year. Historic numbers have been restated to reflect this.

2 Carbon emissions are reported on a calendar year basis, therefore FY24 represents calendar year 2023 emissions. Emissions relating to the Rock & Alluvium business, which was sold in November 2023, have been excluded from FY24 emissions. FY23 emissions have been restated to exclude emissions for Rock & Alluvium.

Chief Executive's review

Continuing profitable growth

All our businesses delivered an excellent performance during the year and, having updated the targets of our Sustainable Growth Strategy to 2030, we are encouraged by the momentum in the business.



Bill Hocking
Chief Executive

A strong performance in the year

We continue to demonstrate a strong track record of increasing revenue and margin growth.

Revenue increased 27% from £1.4bn to £1.8bn in the year. Divisional margin increased from 2.4% to 2.5% resulting in pre-exceptional profit before tax of £32.7m up 58.7% from £20.6m last year. Average month-end cash was £155m (£135m). We have a high-quality £3.8bn order book (2023: £3.7bn) which provides visibility and security of future workloads. During the year, our Building, Infrastructure and Specialist Services businesses continued to perform well. We successfully completed the acquisition of AVRS and the strategic disposal of piling business Rock & Alluvium.

The market remains extremely resilient, and this is demonstrated through our long-term order book with 92% of work secured for the next financial year.

As a result of the strong performance in the financial year, we declared a final dividend of 11.5p to give a full year dividend of 15.5p, up 47.6% on last year.

Our balance sheet remains very strong with £155m of average month-end cash, PPP assets of circa £42m, no bank debt and no pension liabilities. As highlighted in the Chair's review, the Group's capital allocation policy recognises the importance of capital returns to shareholders, and on 3 October 2024, we announced a further share buyback of up to £10m, reflecting both a corporation tax refund and our confidence in future cash generation.

Our excellent progress towards our 2026 targets, well ahead of plan, enabled us to update our Sustainable Growth Strategy to 2030 at a Capital Markets Event in May 2024.

Embedded ESG

Our sustainability commitments are an integral part of our growth strategy, improving our business and delivering long-term value for all our stakeholders. We track our performance against several key measures which are discussed in detail on pages 22 to 45.

A people-orientated, progressive culture

Our priority is to ensure no harm to anyone linked with our operations. Our AFR (Accident Frequency Rate) reduced to a record low of 0.04 in the year (2023: 0.09) and we continue to take a pre-emptive approach to improving health and safety by focusing on leading metrics which help us avoid situations where people may be put at risk and hence drive better outcomes.

Strategy in action

UK leading employee advocacy

We are leading the sector and UK for employee engagement, with the results from our 2024 Employee Survey placing us 9% above the UK company benchmark and 8% above the UK construction benchmark.

During the year, we increased our already high employee advocacy score of how likely employees are to recommend the Group as a great place to work to 87% (2023: 86%). This score, along with the engagement score of 74% and participation of 79%, was achieved against the UK backdrop of a downward trend for both participation and engagement levels in employee surveys, in what has been described as a "turbulent period" for employee engagement by survey provider CultureAmp, a market-leading employee experience platform and organisation.

A total of 3,393 employees participated in the survey and more than 10,000 comments were provided. Analysis of the survey results by CultureAmp found that Galliford Try employees feel "valued, respected, and supported" by colleagues and managers. This is encouraging for the Board in ensuring the Group has the right teams who are motivated to deliver on our growth plans.



Chief Executive's review continued

We have been planning for growth in our business for a number of years, establishing our approach to retain and develop the existing talent in our business and attract new talent needed to meet our objectives in the future (page 28). We are establishing a reputation as a destination employer which will serve us well as competition for high-quality people continues across the UK. We have increased our already high employee advocacy score from 86% to 87% and maintained our engagement score of 74%. We were named the top employer in the sector for apprentices, and number two for graduates which also makes us an attractive employer and is helping us to grow our talent from within. Our churn levels remain low at 11.4%.

Operating in a socially and environmentally responsible way

The climate crisis continues to be a challenge for the UK, which provides an opportunity for our business. In February 2024, we achieved a CDP score of B, an upgrade on the C achieved in 2022, in recognition of our commitment and action to address climate change.

Additionally, in recent years, we have built up an in-house team of experts who specialise in carbon reduction methods and are providing an invaluable source of knowledge for our clients and the industry alike.

Delivering a legacy of positive social value outcomes is the right thing to do as a responsible business and remains an important priority for our clients. Since we began reporting social value in 2022, we have delivered circa £935m in social and local economic value through a combination of providing work for the local supply chain and providing opportunities for training and apprenticeships.

Delivering quality

Providing excellent service for our clients includes the ability to unlock new and innovative methods to deliver high-quality, low carbon, value for money projects. Our approach is reflected by the fact that 93% of our order book is repeat business, and we continue to win accolades for leading the sector with excellence in construction.

Highlights include being named Contractor of the Year for the third time at the Education Estates Awards and several awards for the operationally carbon neutral National Manufacturing Institute Scotland.

Supplier engagement remains key to our ability to deliver for our clients, particularly during times of high demand, and our Advantage through Alignment programme (page 44) provides key suppliers with access to training and education and greater visibility of future workload. Similarly, a record of prompt payment, exceeding the target of paying 95% of invoices within 60 days helps to ensure we have strong relationships and a reliable supply chain to help deliver our projects.

Strategy to 2030

Our strategy to 2030 is an evolution of our previous strategy which has worked well. It builds on the solid foundations and performance we delivered over the last four years in a market where long-term investment in social and economic infrastructure is an imperative to maintain and enhance the UK's productivity and competitiveness.

We will continue to grow revenue and margin in our core businesses of Building and Infrastructure, and design and build frameworks in water. We are expanding our higher margin adjacent markets through our Specialist Services businesses in both Building and Environment and have re-entered the affordable homes market.

We have the people, supply chain and UK coverage to expand our operations on a national basis, increasing revenue and margin by leveraging our geographic presence, framework positions and client relationships.

Sustainable Growth to 2030

Divisional operating margin	increasing to 4.0% through a focus on both top and bottom-line growth and accelerated growth in our higher-margin adjacent market businesses.
Revenue	growing to in excess of £2.2bn, maintaining disciplined contract selection and robust risk management in resilient market sectors.
Cash	retain a strong balance sheet and operating cash generation.
Dividends	sustainable dividends with earnings cover of 1.8x.

We are targeting revenues of at least £2.2bn per annum in 2030 with strong cash generation and an operating margin of 4.0%, with a higher proportion of higher margin work delivered through the Specialist Services businesses. Our performance in the year, our strong balance sheet and the excellent positions we have in frameworks across all our chosen sectors provide a solid foundation for our future growth.

Executive Board

David Lowery was promoted to the Executive Board in July 2024 as Managing Director, Infrastructure, which includes Highways and the Environment businesses. David was promoted following his successful tenure as Managing Director for Highways, and will be an excellent addition to our Executive team.

As previously announced, Kris Hampson joined Galliford Try as Chief Financial Officer on 2 September 2024 from Rentokil Initial where he was Group Financial Controller.

Outlook

I am pleased with our performance in the year which has positioned us well at the start of our new strategy period.

The UK's planned, and required, investment in economic and social infrastructure continues to underpin growth in our chosen markets and our confidence in the Group's future outlook is supported by our high-quality order book as well as the robust and resilient pipeline of opportunities we see across our chosen sectors.

I continue to be impressed by our people, their professionalism and work ethic, and thank all of our teams and supply chain partners for their ongoing contributions.

We are excited about the future and the opportunity to deliver further strong performance and long-term sustainable value for all stakeholders.



Bill Hocking
Chief Executive



Strategy in action

Delivering greater social value

The Construction Playbook states that central Government tenders must include a minimum of 10% of their evaluation criteria dedicated to social value.

Delivering a legacy of positive social value outcomes is therefore a key part of our strategy.

As an example of this, we hosted a Supplier Day for the Ministry of Justice (MOJ) at the HMP Rye Hill project for 100 delegates involved in the construction of new custodial facilities for the MOJ to discuss how they can assist the ultimate aim of rehabilitating offenders and provide them with routes back into meaningful careers following their release.

Among the discussions was a presentation about our award-winning Construction Mentoring Partnership Scheme, which saw prisoners employed on our HMP High Down project, which has led to individuals involved in the scheme obtaining full-time work on their release.

Operating sustainably

Sustainability is central to our strategy

Operating sustainably helps us to win work, engages our employees, benefits communities and the environment, and makes us more efficient. This is why ESG remains an integral part of our updated strategy, and at the core of how we deliver stakeholder value.

Oversight of ESG

The Executive Board has overall responsibility for setting policy and monitoring our sustainability performance.

Main plc Board oversight of sustainability is maintained through several means. We have a dedicated ESG Committee which meets three times a year. The committee is chaired by a plc Board director and comprises the Director of Sustainability, and senior representatives from our operating divisions and relevant support services functions including Supply Chain, Low Carbon Construction, Environmental, Communities and Social Value, Human Resources, and Pre-construction.

In addition, progress reporting with KPIs, and presentations from subject matter experts provide oversight of this area to the Board.

Stakeholder materiality assessment

We are committed to publicly reporting our progress across six areas: health and safety, our people, environment and climate change, communities, clients and supply chain. When developing our initial Sustainable Growth Strategy in 2021, we performed an assessment of the relative materiality of sustainability priorities for different stakeholder groups across these areas. The assessment and related KPIs are reviewed annually by the ESG Committee to ensure that they continue to reflect the priorities of our key stakeholders.

This year, the main change was to add quality to the client pillar to reflect the importance of construction quality to clients and other stakeholders. We have also revised a number of the relative importance assessments, as indicated by the arrows in the table to the right to reflect our ongoing engagement with stakeholders.

A summary of the updated priorities is outlined to the right and guides our sustainability priorities and targets, as detailed in this section.

Strategy in action

Dealing with increased rainfall

This 25m deep by 25m wide concrete-lined tank in Stroud, Gloucestershire is a key part of Severn Trent's £25m project to upgrade Stroud's largely Victorian-built sewer network and also includes installing four miles of new enlarged pipes, as well as separating surface water from the waste network. The mega-tank has a capacity of 7,400m³ – the equivalent of three Olympic-sized swimming pools or over 24,500 bathtubs of water. The increased capacity for storm overflow will protect residents from potential flooding – and boost river health by preventing spills.



Strategic priority	Sustainability pillars	Priorities	Key stakeholder groups					
			Clients	Investors	Employees	Supply chain	Communities	Regulators
Champion a people-orientated, progressive approach	 Health and safety Page 25	Physical health and safety	↔	↓	↔	↔	↔	↔
		Mental health and wellbeing	↔	↓	↔	↔	↔	↔
	 People Page 28	Equity, diversity and inclusion	↑	↔	↔	↔	↑	↔
		Human rights	↔	↔	↔	↔	↑	↔
		Talent and development	↑	↔	↔	↔	↔	↔
	Operate in a socially and environmentally responsible way	 Environment and climate change Page 32	Carbon emissions	↔	↔	↔	↔	↔
Waste			↔	↔	↔	↓	↔	↔
Water			↔	↔	↔	↔	↔	↔
Biodiversity			↔	↔	↔	↔	↔	↔
 Communities Page 36		Employment	↔	↓	↔	↔	↔	↔
		Economic growth	↔	↔	↔	↔	↔	↔
		Disadvantaged or underrepresented groups	↔	↔	↔	↔	↔	↔
		Community engagement	↔	↓	↔	↔	↔	↔
Deliver high-quality buildings and infrastructure	 Clients Page 40	Innovation and efficiency	↔	↔	↔	↔	↔	↔
		Energy efficiency of built assets	↔	↔	↔	↔	↔	↔
		Quality	↔	↔	↔	↔	↔	↔
	 Supply chain Page 44	Responsible sourcing	↔	↓	↔	↔	↔	↔
		Prompt payment	↑	↔	↑	↔	↔	↔

Relative importance: ● High ● Moderate ● Low
 Movement in the year: ↑ Increased ↔ Unchanged ↓ Decreased

Our key ESG ratings



AAA



B

Management
(Taking co-ordinated action on climate issues)



A

Leadership
(Implementing current best practices)



A people-orientated progressive culture

The right culture is key to achieving our aspirations so we place great importance on how we achieve that – from prioritising the health, safety and wellbeing of our people, to creating an environment where they are enabled to give their best.



96%

of employees believe we give health and safety a high priority
(2023: 95%)



98%

of people said they understand their role in keeping their colleagues safe
(2023: 98%)



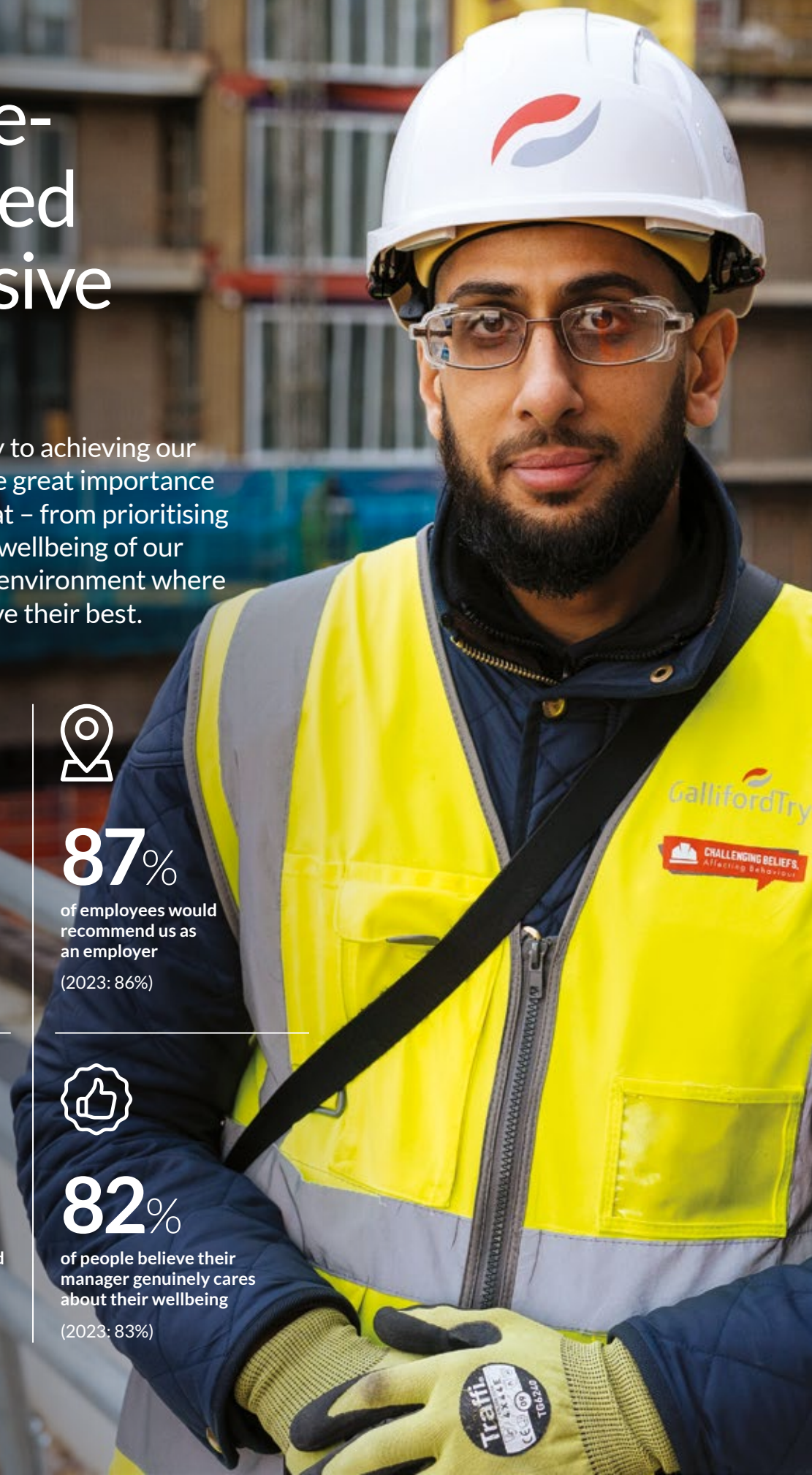
87%

of employees would recommend us as an employer
(2023: 86%)



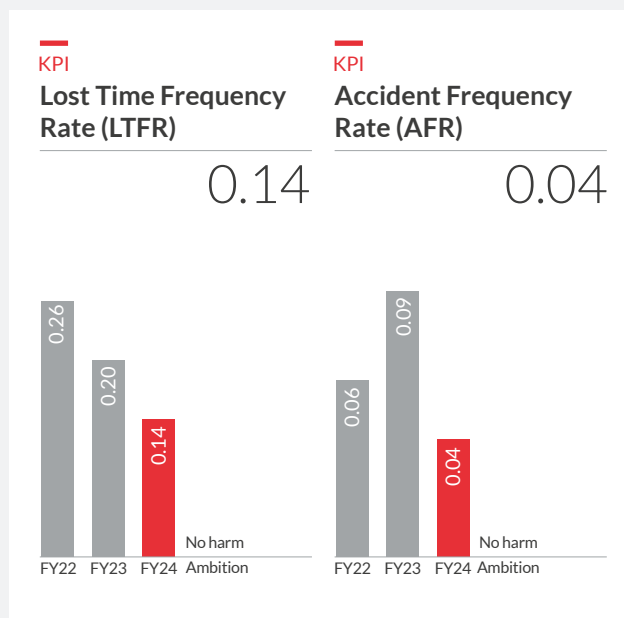
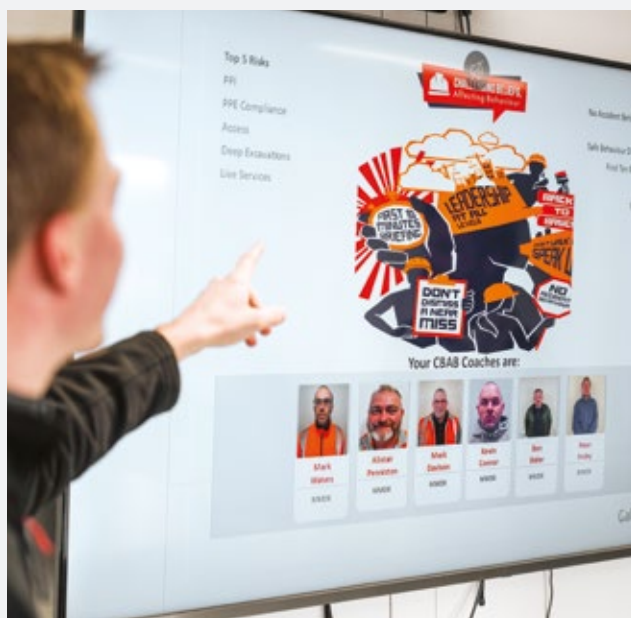
82%

of people believe their manager genuinely cares about their wellbeing
(2023: 83%)



Health and safety

Our objective is to prioritise health, safety and wellbeing and ensure no harm to anyone linked with our operations. We achieve this through placing a priority on our suite of Lead Indicators, our behavioural safety programme Challenging Beliefs, Affecting Behaviour and our wellbeing initiative, Be Well.



Performance against our KPIs

Our commitment to health and safety extends to all people on our sites and offices and therefore the KPI calculations on this page include our own employees, subcontractor employees and visitors.

AFR

Our AFR (Accident Frequency Rate), which measures the number of injuries resulting in more than seven days away from work or those listed as RIDDOR specified, reduced to 0.04 during the year (2023: 0.09). In addition, 13 out of 19 business units recorded an AFR of zero.

LTFR

We also reported a further reduction in our LTFR (Lost Time Frequency Rate), which measures every incident that results in more than a day away from work, and fell to 0.14 during the year (2023: 0.20).

Health and safety continued

Lead Indicators

While AFRs remain the industry standard measure of safety performance, internally, we use Lead Indicators to drive improvement in safety culture and behaviour as they enable a proactive approach to the management of health and safety. Our Lead Indicators span six areas: leadership, communication, competence, culture, contractors and planning. Highlights from the period include:

- Achieved 95% average monthly compliance with our stringent Back to Basics requirements which test that we have the right person, planning, equipment and workplace for each activity.
- 100% completion of SSERs (Site and Safety Environmental Reviews), which provide a comprehensive overview of how each site is running, are attended by the senior project team, demonstrating visible leadership on safety.
- Conducting 1,276 director tours (2023: 1,332) and 60,491 Safe Behaviour Discussions (2023: 60,019). These activities continue to provide visible leadership and an open dialogue with our site teams. They are a powerful way for management to promote and maintain safe behaviours on site by engaging with operatives to reaffirm positive behaviour.

We did not receive any prohibition or improvement notices during the year.

Areas of focus during the year

Challenging Beliefs, Affecting Behaviour

Our safety culture is embedded through Challenging Beliefs, Affecting Behaviour (CBAB), a programme based on awareness, training, coaching and visible leadership, which has formed the backbone of our approach since its inception in 2012. We continue to develop our approach as we strive to achieve our ambition of no harm.

During the year, we launched an update to the leadership module within CBAB to reinforce the link between safety in construction and safety in use. This approach allows us to use our strong culture surrounding Health and Safety and apply it with a quality focused mindset.

To support our growing business, we have also created a CBAB Ambassadors working group featuring representatives from all divisions. Led by our Behavioural Safety Manager, the Ambassadors are upskilled to adopt, adapt and deliver the programme in a way that is sustainable and relevant in their area of the business, helping us to ensure the programme remains the bedrock of Health and Safety for years to come and support us in our no harm objective.

Strategy in action

Promoting safe lifting

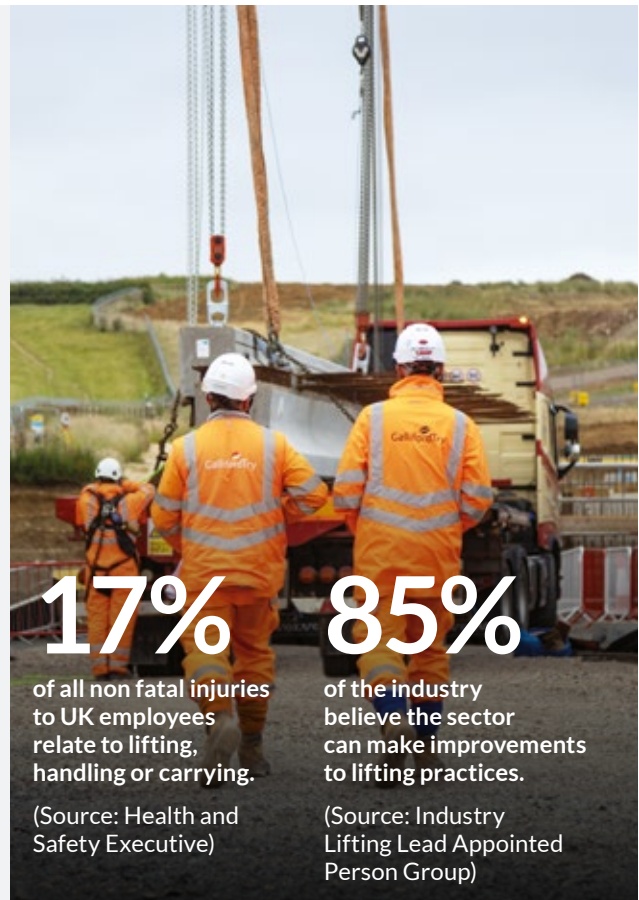
One of the consistent hazards across our industry is lifting. We came together with the sector to develop a new standard of load lifting: Hands Off – Step Away – Safe Space.

This standard very much aligns to our own Back to Basics approach of Right Person, Right Planning, Right Workplace and Right Equipment, and will limit interaction between people and loads.

To promote the message, we marked Global Lifting Awareness Day with a week dedicated to increasing safety and best practice around load lifting among our people and supply chain.

We held daily Lunch and Learns focusing on safe lifting, supported by increased KPI tours including visits by our Chief Executive, videos, toolbox talks and a dedicated app to share industry best practice. Initiatives like this focus on high potential events and help us achieve our safety goal of no harm.

Scan the QR code to watch how we used digital tools on our Melton Mowbray Distributor Road scheme to undertake precision lifting and reduce safety risk during a major load lifting operation



17%
of all non fatal injuries to UK employees relate to lifting, handling or carrying.

(Source: Health and Safety Executive)

85%
of the industry believe the sector can make improvements to lifting practices.

(Source: Industry Lifting Lead Appointed Person Group)

Digitising safety with MSite

We have continued the adoption of 'MSite', a digital workforce management solution to support site access control and inductions. Through the platform, employees, our supply chain workforce and visitors to our sites and offices complete an online induction and competence assessments before arrival on our sites, ensuring our workforce understands our objectives, are qualified to do the job they are tasked with, and have received the correct and consistent induction and training. During the year, we focused on developing the information included in the induction presentations to ensure that the process is as efficient as possible for staff and subcontractors, while providing the key messages in a consistent way.

Occupational health

Similarly, we continue to develop our approach to occupational health, building on the learnings from the review performed last year. One of the key initiatives this year was the appointment of third party occupational health specialists Medigold to perform individualised employee screening to ensure our people are medically fit for their role, that they have the right support in place to perform effectively and additionally, help minimise the likelihood of future sickness absence.

Following an initial role-based risk assessment, Medigold perform a detailed occupational health screening assessment which is helping us to:

- Identify whether an individual has any health problems that could be adversely affected by the work they will be conducting, or which may affect their ability to perform the role effectively.
- Access expert clinical advice on any workplace adjustments required for employees who declare a medical condition.
- Demonstrate our commitment to employee wellbeing.
- Remain compliant with the Equality Act 2010.

Other focus areas

In addition to the broader initiatives to drive continuous improvement in safety culture and behaviour, we continue to identify focus areas where we can make targeted interventions to improve performance. During the year, these have included managing plant-pedestrian interfaces, better planning to avoid services, and simplifying communications.



We received the Princess Royal Training Award for our Choose the Safe Path Virtual Reality (VR) training initiative which focuses on the prevention of falling objects and includes an interactive training package that offers employees a real-life learning experience.

Looking forward

- Alongside our peers in industry, we will focus on and prioritise 'fatal risks' of works at height, working with electricity, use of plant and vehicles, and lifting operations.
- Following a summit of our leaders, we will continue to work to ensure that the HS&E section of our BMS remains fit for purpose, simple to use and intuitive across all parts of our diverse and growing business.

Our people

Our objective is to create an inclusive environment and progressive culture that enables individuals to reach their potential.



Performance against our KPIs

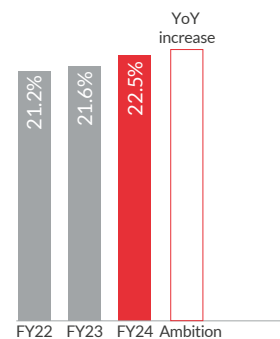
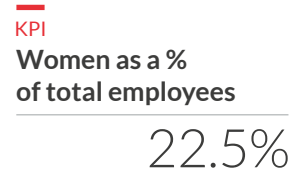
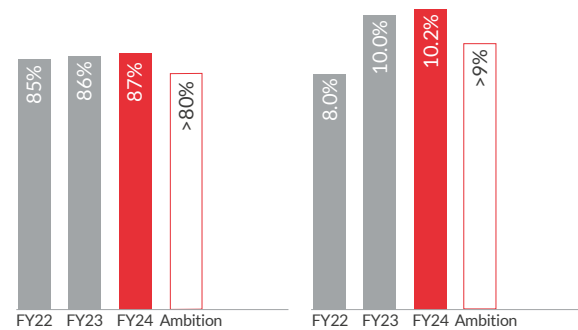
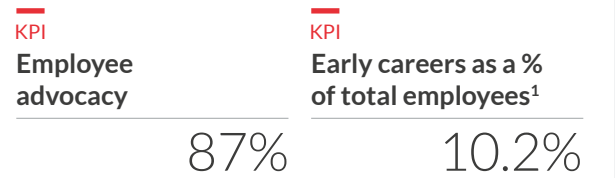
Employee advocacy

Employee advocacy is a powerful indicator of how engaged employees are, measuring how likely they are to recommend our business as a great place to work.

➤ In our 2024 employee survey, we achieved an employee advocacy score of 87% compared to a sector average of 75%. Our employee engagement score, which is made up of a number of factors including motivation, commitment to our vision and pride in the company, was also above the sector average at 74% compared to 66% for the construction sector and 65% for UK companies. Analysis by CultureAmp, our survey provider, indicates that our people feel “valued, respected, and supported” by colleagues and managers. This result has been achieved against two years of a downward trend across the UK for both participation and engagement levels, and what has been described as a “turbulent” period for UK employees. Data-led insights like this demonstrate we are earning a place as a destination employer, not only within the industry but across the UK.

➤ Retaining, gaining and developing talent continues to be a focus of our people strategy. We have continued to invest in our Employee Value Proposition (EVP) ‘Grow Together’ which delivers on our promise to be a people-orientated, progressive employer driven by our values. In support of this, we continued to promote our internal mobility programme Explore page (30); delivered training on Equity, Diversity and Inclusion (EDI), made improvements to our learning and development offer, as outlined on the following pages and launched a dedicated Careers website to better showcase the opportunities we have on offer. Reward and benefits are a key part of our EVP, and, in response to feedback about car benefits, we started a new partnership with industry experts, Car Benefit Solutions to offer eligible employees more extensive and flexible options when selecting a car benefit.

Testament to our approach we placed 69 people internally using Explore, and promoted 352 employees.



¹ We have revised the methodology used to calculate our early careers numbers to align to the methodology used by The 5% Club, of which we are a Platinum member. This now includes sponsored students on work placements as well as graduates, apprentices and trainees as at 31 July for the respective year. Historic numbers have been restated to reflect this.

Early careers

Early careers roles (apprentices, trainees, graduates and sponsored students) remain a key area of focus for both retention and recruitment as these roles help us to grow our own talent, shape our leaders and influence the skill sets and composition of our future workforce, including diversity.

- ➔ We grew our early careers roles from 10.0% to 10.2% of our workforce.
- ➔ We were voted the number one place for apprentices to work and number two for graduates in TheJobCrowd's list of Top Construction and Civil Engineering Companies. In addition, Galliford Try ranked seventh for apprentices and 26th for graduates UK-wide out of more than 600 companies across all sectors.
- ➔ We were among 20 companies out of a total of 600 to be awarded the new Platinum membership of The 5% Club's Employer Audit Scheme in its first year of introduction. Platinum members are participants who have achieved Gold Membership for three consecutive years, and who in their third year have 10% or more staff members in 'earning and learning' roles such as apprenticeships, graduate schemes, sponsored students on work placements or those studying for qualifications.

Gender diversity

Gender split of males and females across our business at 30 June 2024

Gender ¹	Female	Male
plc Board	3	3
Senior grades (A-D) ²	85	609
Total company including plc Board	944	3,254

1 Gender figures are based on employee numbers at year-end.
 2 Senior grades are defined as job grades A-D which encompass senior managers and directors, excluding Board directors.

Employing more women in our business is key to accessing diverse skills and talent.

- ➔ This year, the proportion of females across Galliford Try increased slightly to 22.5% from 21.6% last year.
- ➔ We continue to use the voices and stories of women in our business to provide role models both in our business and beyond. In 2024, we held a podcast with three senior women, who make up 40% of our Infrastructure Leadership Team, talking frankly about their wide and varied experience, including their different routes into construction, the challenges women face in the sector, and the progress the industry is making in being more inclusive.
- ➔ We launched a pilot programme titled 'Mentoring the Next Generation' (page 37) specifically to spark an interest in the construction industry for young women in education, their parents, carers and teachers. Five schools and circa 50 individuals have signed up for the first year.

- ➔ Since 2020, we have reduced our mean gender pay gap from 28.8% to 22.5%, and our median gender pay gap from 32.2% to 25.8%.
- ➔ To further help women establish long-term, flexible careers with us, we have commenced research into the barriers to career progression for women across all industries, the specific barriers for women in operational roles in construction, the stages of women's careers these derailleurs take impact, and the areas we need to target to make progress within our own business.

Areas of focus during the year

Learning and development

We use the 70:20:10 learning model, based on the principle that 70% of learning happens through on-the-job experience, 20% is learning from others and 10% of learning happens via formal training experiences.

Our approach is delivered through the GT Academy, a platform that brings together resources, training and guidance with our own structured programmes and extensively developed Career Paths that define the core learning needed for various roles and the path to get there.

We have redefined our career development proposition to enable us to establish a learning culture, 'Careers without Compromise', across Galliford Try. Training materials have been developed for both our line managers and employees to encourage and support them to achieve better career outcomes through active management of their careers.

We delivered 19,935 training days during the year (2023: 13,528), equivalent to 4.8 days per employee (2023: 3.6).

Promoting an inclusive culture

Our ED&I team is working with The Clear Company, a global diversity and inclusion specialist, so that we continue to embed the most inclusive practices across our organisation on the back of our accreditation to their Bronze level in our first ever EDI review in 2023.

Key developments in this area have been the design and commencement of Inclusive Leadership awareness sessions, which aim to equip senior management with knowledge of how EDI influences business performance, and provide them with skills to progress a culture of inclusion that contributes to high performance.

We have reviewed and enhanced our family-friendly offering (maternity and paternity pay) to ensure we deliver on our promise to be a progressive, people-orientated, inclusive employer and continue to offer a competitive benefits package. Enhancing these benefits is likely to have a positive impact on our ability to retain and gain women.

We also continued our series of education with in-depth interviews with minority communities covering topics including Pride and disability awareness.

As outlined on the left, we are also taking steps to understand the potential barriers to the employment and progression of women in our industry.

Our people continued

We continue to promote our agile and flexible working practices, which are attractive to people with different needs and support inclusion, offering flexibility to suit individual needs including staggered start and finish times, job shares, compressed hours, sabbaticals and return to work programmes as well as remote working.

Enterprise Resource Planning (ERP)

We continue to embed and drive efficiencies via 'Orbit', our cloud-based ERP system with a key focus on using data and insights to support informed decision-making across the organisation.

Looking forward

Our focus for the next year will be to:

- Continue to strengthen our employer brand and EVP to raise awareness of Galliford Try in the employment market.
- Develop our induction experience to give our people the best new starter experience with effective delivery of core knowledge, key training and orientation areas and promoting our culture.
- Review and update our Career Paths.
- Enhance the inclusivity of our recruitment practices including our focus on outreach to untapped talent pools.
- Continue to work with the Clear Company to progress our Clear Assured accreditation.
- Launch our Hiring for Potential programme which focuses on selecting candidates based on their capacity to grow, develop, and excel in a role, rather than solely focusing on their past experience or existing skill set.

Strategy in action

Retaining talent through internal mobility

The challenge: in a market where there is fierce competition for talent, we want to retain the skills and expertise we have nurtured.

Our response: our 'Explore' programme encourages and empowers employees to review opportunities within our Group should they wish for a change in career, location, discipline or working pattern. The programme heavily advocates leadership support for moves within the business and features videos, guidance and dedicated resource to support managers and employees to take advantage of the programme, while also showcasing employee and line manager testimonials from recent internal moves.

Benefits of Explore include:

- **Retention of high-quality talent** that has been invested in and already aligns to our culture.
- **Time and financial savings** on costs otherwise incurred by recruitment activities such as advertising and managing applications.
- **Encouraging diversity** by reskilling people or reshaping pathways for growth within the organisation, including leadership.
- **Boosting employee morale** by supporting employees' personal circumstances.
- **Building our brand** by increasing employee satisfaction.



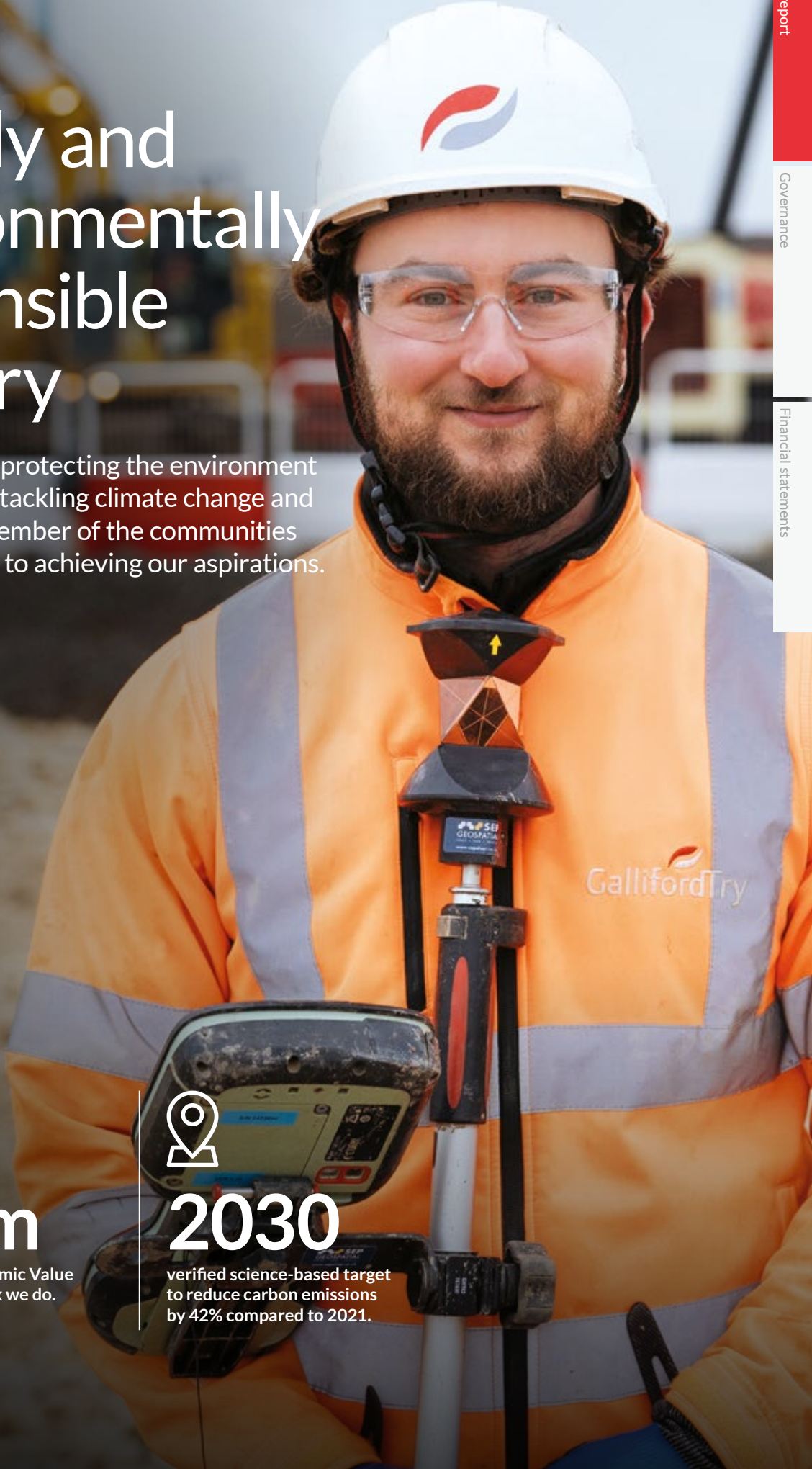
69

placements provided internally since the introduction of Explore.



Socially and environmentally responsible delivery

Our approach to protecting the environment and biodiversity, tackling climate change and being a valued member of the communities we work in is key to achieving our aspirations.



£303m

of Social and Local Economic Value created through the work we do.

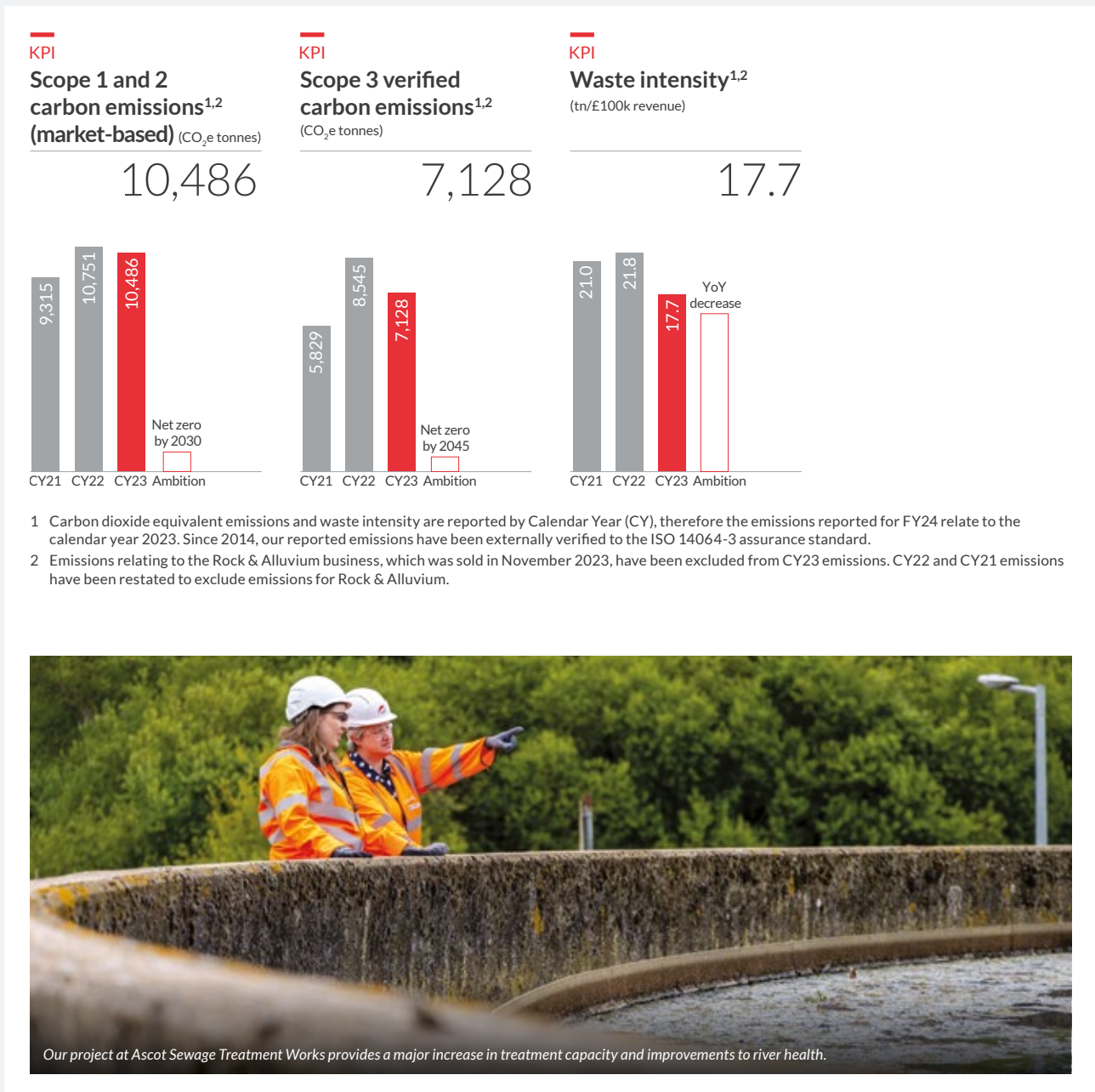


2030

verified science-based target to reduce carbon emissions by 42% compared to 2021.

Environment and climate change

Our objective is to adopt sustainable resourcing and consumption practices and take measures to mitigate carbon production and climate change to protect our environment and biodiversity.



Performance against our KPIs

Scope 1 and 2 carbon emissions

Our Scope 1 emissions predominantly relate to fuel use in company cars and vans, and on-site plant and equipment. Our Scope 2 emissions relate to consumption of electricity across our sites and permanent offices.

In 2023, our scope 1 and 2 emissions demonstrated a continued transition from fossil fuels to electricity. Emissions relating to the use of diesel on our sites were down 9.1%, and emissions relating to company cars and vans were down 6.9%. This was offset by an increase in emissions relating to electricity consumption which is driven by a number of factors, including:

- ➔ Company car business mileage claims transitioning from diesel/petrol cars to Electric Vehicles (EVs).
- ➔ The increased number and usage of EV chargers at our sites and offices, some of which relates to personal use in addition to business use.
- ➔ More people in the office more often, resulting in greater use of electricity.

Because electricity represents an increasing proportion of our scope 1 and 2 emissions, and we purchase 86% of our electricity on renewable tariffs (2022: 84%), we are now using market-based Scope 2 emissions within our headline scope 1 and 2 emissions KPI. This also aligns with our science-based target which is based on market-based Scope 2 emissions. The market basis uses emissions factors that reflect our actual electricity supply contracts and therefore allows us to demonstrate the impact of purchasing our electricity on renewable tariffs. The location basis uses the average generation mix for the UK and as such, is susceptible to changes that are outside of our control.

On a market basis, our total scope 1 and 2 emissions have reduced by 2.5% year on year, but have increased by 0.4% on a location basis.

Growth of the business has a significant impact on both scope 1 and 2 emissions. We therefore monitor emissions intensity, measured in tonnes (t) of carbon dioxide (CO₂) equivalent (tCO₂e) per £100,000 of revenue in the corresponding calendar year, to provide a clearer picture of the impact of our emission reduction initiatives. Our scope 1 and 2 (market-based) emissions intensity reduced by 16% from 0.82 in 2022 to 0.69 in 2023. This demonstrates that we continue to make good progress in reducing the carbon intensity of our operations.

We have now reduced our reported scope 1 and 2 emissions by 66% since 2012, and by 71% on a like-for-like basis, adjusting for acquisitions, disposals and changes to methodology. We remain committed to achieving our target of achieving net zero by 2030.

Scope 3 – verified emissions

We include certain categories of Scope 3 emissions within the boundary of the external verification where we have sufficiently reliable source data, such as business travel expense claims, and information regarding employee commuting to calculate emissions using a distance-based method.

Our verified Scope 3 emissions reduced by 16.6% from 8,545 tCO₂e in 2022 to 7,128 tonnes in 2023. The biggest contributor to this reduction was a 34% fall in emissions relating to employee commuting. These emissions are estimated using responses from an employee commuting survey and the reduction is driven by more accurate information as a result of a higher survey response rate and improved data quality.

Estimated full Scope 3 emissions

In 2022, we estimated our full Scope 3 emissions using a spend-based approach. This involved analysing our expenditure by type of products and services, mapping those items to industry categories, and then applying generic spend-based emissions factors for those industries to estimate emissions.

This method is supported by the GHG Protocol Corporate Accounting and Reporting Standard for initial carbon footprinting while working on improving data quality and accuracy, and gave us the following insights:

- ➔ Scope 3 emissions represent circa 98% of our total carbon footprint.
- ➔ Emissions relating to the materials and subcontract services that go into our projects represent circa 89% of our total carbon footprint.
- ➔ Concrete and steel are by far the largest source of emissions, due to the volume of these materials that we use, and their high carbon intensity.

However, weaknesses in the spend-based methodology, as acknowledged in the GHG Protocol reporting standard, limit its effectiveness as a methodology to monitor carbon reduction progress. For example, in 2023, our Morrison Construction team began using Electric Arc Furnace (EAF) steel on all educational projects. The manufacturing method of EAF steel significantly reduces the use of fossil fuels, delivering a circa 77% saving on carbon, compared to traditional manufacturing processes. However, using the spend-based methodology, the estimated emissions associated with using this steel would show no carbon saving and may even result in higher emissions depending on the market price of the material.

Therefore, having completed our initial full Scope 3 footprinting exercise, we are now focusing on developing a quantity-based approach to estimating emissions and have ceased reporting of estimated full Scope 3 emissions using the spend-based methodology.

We are currently working with our supply chain and technology partners to develop and trial technology solutions that allow us to estimate our supply chain carbon emissions using actual quantities and product-specific emissions factors. We are working with Causeway Technologies and a group of tier 1 contractors and suppliers to develop an automated, real-time carbon reporting solution which extracts actual volumes and specifications of materials purchased from invoices processed through the Tradex electronic invoicing system, and applies supplier specific emissions factors to calculate the associated carbon emissions. Our Infrastructure business is trialling Qflow, a tool that estimates embodied carbon based on delivery tickets, as outlined below.

Environment and climate change continued

Waste intensity

Our waste intensity decreased from 21.8 tonnes per £100,000 of revenue in calendar year 2022 to 17.7 tonnes per £100,000 of revenue in calendar year 2023. Waste continues to be an area of focus, with increased use of Modern Methods of Construction, especially off-site manufacture, which can reduce the volumes of waste produced. Our focus on Right First Time also reduces waste through increased accuracy of materials required.

We also manage our waste streams to maximise recycling and minimise waste to landfill, with 95.3% of our waste diverted from landfill (2023: 94.5%).

Areas of focus in the year

Net zero route map

In support of our science-based and net zero carbon targets, we have developed and published our first net zero route map. The route map identifies 16 activities where action is required if we are to achieve our emission reduction targets. These include: the use of diesel, company vehicles, site compounds, permanent offices, business travel, design, construction materials, emissions measurement, internal carbon charging and offsetting.

For each of the activities, the route map outlines the timeline of the actions we have already taken or are underway, the actions we still need to take, and our ultimate ambition.

For the activities that contribute towards our scope 1 and 2 net zero by 2030 target, the actions are more specific because we have a greater degree of control over these activities, we have better data, and the target year is closer. For the activities that contribute towards our Scope 3 net zero by 2045 target, the actions through to the target year are less well-defined, and will continue to evolve as we develop more accurate emissions measurement techniques and engage with our clients and supply chain partners on low carbon materials and construction methods.

The route map is intended to be a guide for our teams across the business to understand the actions they need to be taking and when. It also is a means of communicating to our clients, supply chain and other stakeholders the journey we collectively are on and the role we need them to play.

Energy saving opportunities

During the year, we performed a programme of site energy audits as part of our compliance with the Energy Savings Opportunity Scheme (ESOS) Phase 3. As a result of this exercise, we have identified opportunities to save a total of 12 million kWh of energy per annum, representing a 24% saving on 2023 energy use. The largest of these opportunities relate to electrification of our commercial vehicle fleet, widespread adoption of more energy efficient hybrid generators and greater use of telematics to monitor how we use equipment and drive behavioural change. These opportunities have now been incorporated into our Green Site Set Up guide and will be rolled out across the Group during 2024/25.

Strategy in action

Using Qflow to capture data-led insights into decarbonising our operations

The challenge: the materials and subcontract services that are used on our projects represent some 89% of our total carbon footprint. However, collecting data and Goods Received Notes (GRNs) from a diverse supply chain is acknowledged as one of the most challenging areas of reporting embodied carbon in the construction industry.

The solution: on our Melton Mowbray Distributor Road project, we have adopted Qflow to automate data capture through photos and processing by extracting information from both paper and digital delivery and waste tickets, using Artificial Intelligence technology. This allows us to generate data-driven insights to enable decision-makers to make choices that improve decarbonisation.



Environmental incident reporting

Environmental incidents, such as silt pollution of watercourses or other disturbance of sensitive ecology can have a significant detrimental impact on the natural environment but can be difficult to identify. To raise awareness of these issues and improve our performance, we are rolling out a training programme using Institute of Environmental Management and Assessment (IEMA) accredited trainers and resources. All site-based staff undertake the one-day Site Environmental Awareness Training Scheme (SEATS) training, with management roles also undertaking the IEMA Management training. As a result of the raised awareness, we have developed greater visibility and a better understanding of risks and develop pre-emptive actions to mitigate the physical risks to the natural environment.

Water management

The effective management of water resources is of growing importance both in terms of managing our operational risk and protecting the natural environment. More regular intense rainfall events increase the risk of run-off from our sites, while periods of high temperatures and drought conditions can put restrictions on activities that require water usage, such as dust suppression and use of welfare facilities. Our project environment plans already include a water management section which addresses management of consents for water abstraction and discharge, and water course pollution control. However, we also recognise the importance of responsible use of water resources, including measures to reduce water consumption. Therefore during the year, we have started recording water consumption data as part of our environmental reporting and will use this to establish baseline performance and to inform the development of water reduction targets.

Carbon Disclosure Project (CDP)

We continue to participate in the CDP, a global disclosure system for organisations to manage their environmental impacts. In 2023, we achieved an improved score of B 'Management level', (2022: C 'Awareness level'), recognising the progress we are making in embedding climate action into our governance, strategy and operations.

Streamlined Energy & Carbon Reporting (SECR)

The data included in the table to the right together with the scope 1 and 2 emissions intensity ratio disclosed on page 33 covers the reporting requirements detailed in the SECR regulations. As we report our carbon and energy data in calendar years, the following section represents our carbon and energy performance for Galliford Try for the calendar years 2023 and 2022.

Emissions source	Tonnes of CO ₂ e	
	2023 ¹	2022
Emissions from combustion of gas (Scope 1)	233	176
Emissions from combustion of fuel for transport purposes (Scope 1)	4,493	4,824
Emissions from fuel oil supplies ie diesel consumed (Scope 1)	4,612	5,073
Fugitive emissions from office facilities ie air conditioning systems (Scope 1)	-	51
Emissions from purchased electricity (Scope 2, location-based)	2,021	1,192
Emissions from purchased electricity (Scope 2, market-based)	1,148	626
Emissions from fuel and energy-related activities (Scope 3)	3,019	2,851
Emissions from business travel (Scope 3)	791	645
Emissions from employee commuting (Scope 3)	3,318	5,049

¹ Emissions relating to the Rock & Alluvium business, which was sold in November 2023, have been excluded from 2023 emissions. 2022 emissions have been restated to exclude emissions for Rock & Alluvium.

Methodology and conversion factors

Carbon dioxide equivalent emissions (tCO₂e) are calculated using the GHG Protocol Corporate Accounting and Reporting Standard and the UK Government GHG Conversion Factors and Methodology for Company Reporting 2022. The emissions included in the table above have been externally verified to the 14064-3 standard by the Carbon Trust. Emissions cover all those arising from our fleet, gas and electricity in all offices and sites and all other fuel used directly (for example diesel on site) including our share of emissions from joint ventures. Where data is obtained in litres used and distance travelled, these conversion factors have been used to convert to kWh.

Annual energy usage

Our total energy use, calculated from Defra 2023 conversion factors, for all our UK activities increased by 4.3% in 2023 to 51,001,569 kWh (2022: 48,790,886 kWh). This increase reflects the growth of the business, which has been partially mitigated by energy efficiency measures, including the transition to renewable energy.

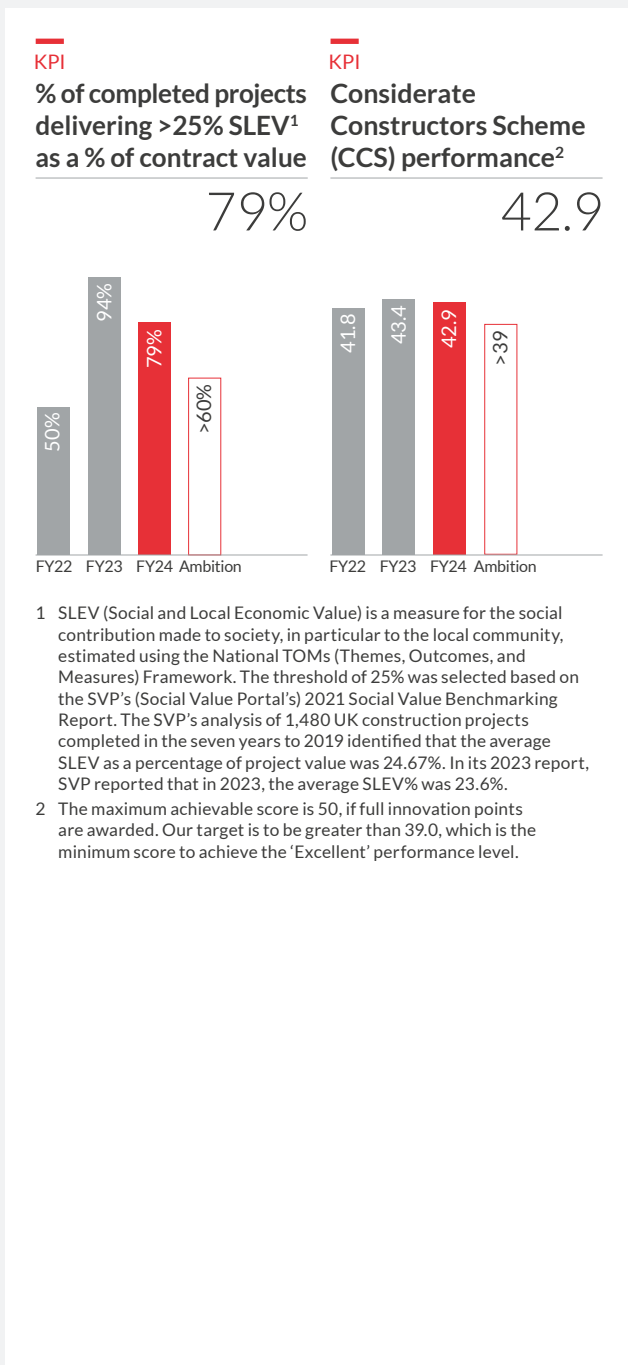
Energy consumption is calculated using the same reporting boundary (operational control) that we use to calculate our carbon emissions. This increase reflects the growth of the business, but has been minimised by energy efficiency measures, including the transition to renewable energy.

Looking forward

- Implement the energy saving opportunities identified in the ESOS energy audits.
- Develop water consumption reduction targets.
- Develop embodied carbon reporting technology solutions and incorporate them into our Scope 3 methodology.

Communities

Our objective is to make a positive impact in communities where we operate by delivering greater social value and improving lives.



Performance against our KPIs

Social and local economic value

Delivering a legacy of positive social value outcomes is a key part of our strategy. This is the right thing to do as a responsible business and is also an increasingly important priority for our clients. The Construction Playbook states that central Government tenders must include a minimum of 10% of their evaluation criteria dedicated to social value, and the priority themes and outcomes are set out in 2020's Procurement Policy Note (PPN) 06/20 - Taking Account of Social Value in the Award of Central Government Contracts.

We measure the community impact we deliver on our projects using the Social Value Portal (SVP), a tool which is backed by the National TOMs (Themes, Outcomes and Measures) Framework, and helps organisations measure, report and enhance their social value. On the 24 projects (2023: 35 projects) over £5m completed during the year, we delivered £303m in Social and Local Economic Value (SLEV), with 79% of projects exceeding our benchmark of 25% of project value (2023: 94%).

Considerate Constructors Scheme

The Considerate Constructors Scheme (CCS) is an industry-wide organisation that strives to improve the image of the construction industry and leave a positive legacy through implementation of best practice in the areas of community engagement, the environment and workforce wellbeing. CCS scores and benchmarks construction sites in terms of their positive impact within their locality. We maintained an above target high score of 42.9 (2023: 43.4) out of 50, which remains above the industry average of 40.6.

Our project teams from across Galliford Try and Morrison Construction received 15 awards at this year's CCS National Site Awards, including four gold, three silver and eight bronze. The CCS National Site Awards recognise exceptional projects that demonstrate commitment to support and drive positive changes within the construction industry.

We are also a member of the CCS Social Impact Group which has been formed to help standardise social impact, increasing understanding, engagement, and communication of social value for the supply chain and stakeholders.

Areas of focus during the year

Outreach to ex-offenders

Following on from our participation in the 'Unlocking Construction' programme in 2023, we have continued our programme of outreach to the ex-offender community. Our Outreach Partner is building relationships with prisons to promote careers and opportunities within the construction industry to prison leavers. As well as helping the sector fill skills gaps, we aim to promote positive change for ex-offenders, reducing the likelihood of repeat offending and benefiting wider society. We are now engaging with 20 prisons across the country, delivering a range of activities including employability workshops and other recruitment events that provide prison leavers with the knowledge and support required in preparation for release on temporary licence and permanent work opportunities.

Institute of Corporate Responsibility and Sustainability

Our community and social value activities are delivered locally by our project teams and supply chain partners, and are co-ordinated by our network of Social Value Managers (SVMs). This year, to support our SVMs, we became organisational members of the Institute of Corporate Responsibility and Sustainability. Through this membership, which is integrated into our GT Academy learning and development platform, our SVMs now have access to a range of resources, including a competency framework to support their ongoing professional development, and access to peer networks to share good practice.

Strategy in action

Mentoring the Next Generation – encouraging young females into construction

The challenge: while women make up 23% of our business, we are not representative of the wider construction industry where only 15% of employees are women.

Showcasing construction as a rewarding career is important to attracting future talent. Often misconceptions about career opportunities, disciplines, role types and the working environment can negatively influence the way students, parents, carers and teachers may consider our industry.

Our response: we have launched a pilot mentoring scheme aimed at encouraging the next generation of women into construction by teaming up initially with five schools in the East Midlands. Mentors from our business have been paired with students over a three-year programme that will showcase the vast and rewarding opportunities in the sector. Individuals on the programme will benefit from upskilling their communication skills for the workplace, career matching to their interests, and guidance with CV writing and interviewing. They and their educators will gain insights into construction alongside STEM activities and teamwork from people who have carried out roles they are interested in. The final year will culminate in career pathways into Galliford Try, where individuals can choose a role they are interested in, and be supported with preparation for interviews to kickstart their careers with Galliford Try.

➔ Scan the QR code to watch the video.



Communities continued

Open Doors

We took part in the Open Doors initiative again this year, with 251 students visiting 12 sites to gain insights into how we operate our sites, how we work alongside our subcontractors and supply chain, and what a career in construction can offer. We delivered presentations about possible career paths, the work we participate in, and gave attendees the opportunity to take part in site tours and see how a live site operates. This work forms part of our early careers commitment and is part of the broader engagement with the communities in which we operate.

Volunteering and charitable donations

One of the most tangible ways in which we create a positive legacy in the communities we work in is through our staff and supply chain volunteering their time and resources to support community projects and causes. During the year, our own staff recorded 3,056 hours of volunteering time. However, as it is difficult to capture all volunteering time, including that of our supply chain partners, we know the true amount is significantly higher. To embed a volunteering culture, volunteer days are incorporated into our graduate training programme, and all employees are able to take up to two days of paid leave to undertake voluntary activities.

In addition to volunteering hours, we donated time, materials and money to the value of £365,000 (2023: £347,000) to charitable and community causes including Crash, the UK construction industry charity for the homeless, which we remain a patron of.

Looking forward

We plan to:

- ➔ Continue the roll out of Mentoring the Next Generation, including promotion of the programme to a wider range of schools to recruit the 2025 cohort.
- ➔ Further promote community engagement and volunteering and better capture volunteering time.
- ➔ Enhance the alignment of our existing processes to the Considerate Constructors Scheme audit checklist.

Strategy in action

A community legacy

Our team at the Brent Cross project supported the creation of a kitchen garden and outdoor learning environment for children at the nearby Claremont Primary School.

The school already had a permanent canopied space outside, where they distribute foodbank donations to the children's families on a weekly basis.

Volunteers from our team, the supply chain and beyond gave a combined 238 hours over six days, with over £700 in donations and almost £2,000 in materials.

Together, we used former materials to build bench seating, workstations, raised beds and box-planters, we revamped the existing storage, and provided bedding plants such as herbs, vegetables and flowers to attract pollinators.

The new facility provides an opportunity for children to learn how to grow and nurture food, and for families to prepare the fresh produce and have social cook-outs using the ovens provided by the school.



238

hours of time given to
create the kitchen garden

£2.7k

in donations
and materials



Quality and innovation

We deliver excellence for our clients by providing high-quality products and services, and by engaging and upskilling our supply chain to gain the best from them.



93%

of our work is repeat business.

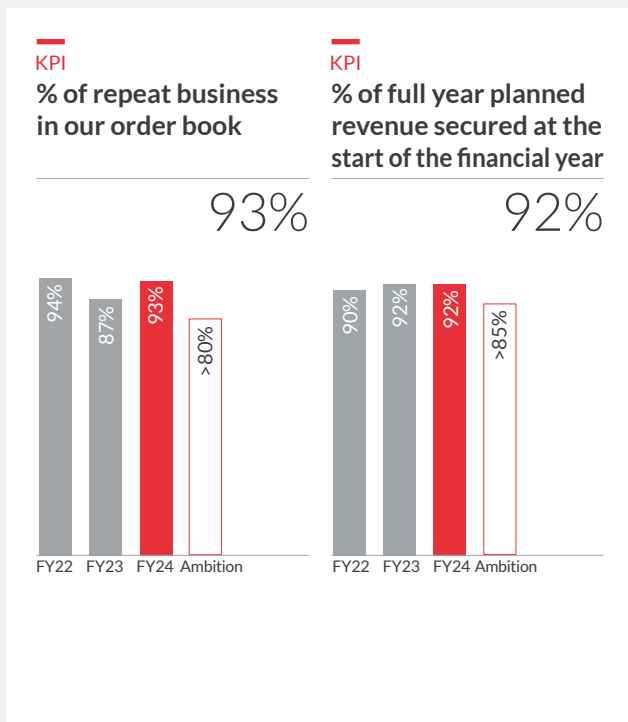


92%

of work secured for FY25.

Clients

Our objective is to deliver superior buildings and infrastructure with a better social footprint for clients through a focus on innovation, digitalisation and quality.



Performance against our KPIs

Repeat business in our order book

Our performance is driven by understanding client priorities, building trusted relationships, providing technical expertise to solve client challenges and delivering high-quality buildings and infrastructure. This is reflected by the fact that 93% of the work in our order book is repeat business, with clients who we know and have collaborative, long-term relationships with, based on a track record of delivering a high-quality product.

Revenue secured at the start of the financial year

We continue to have a strong pipeline of work in our chosen markets, with 92% of FY25 revenue already secured.

Areas of focus during the year

Strategic partnering through frameworks

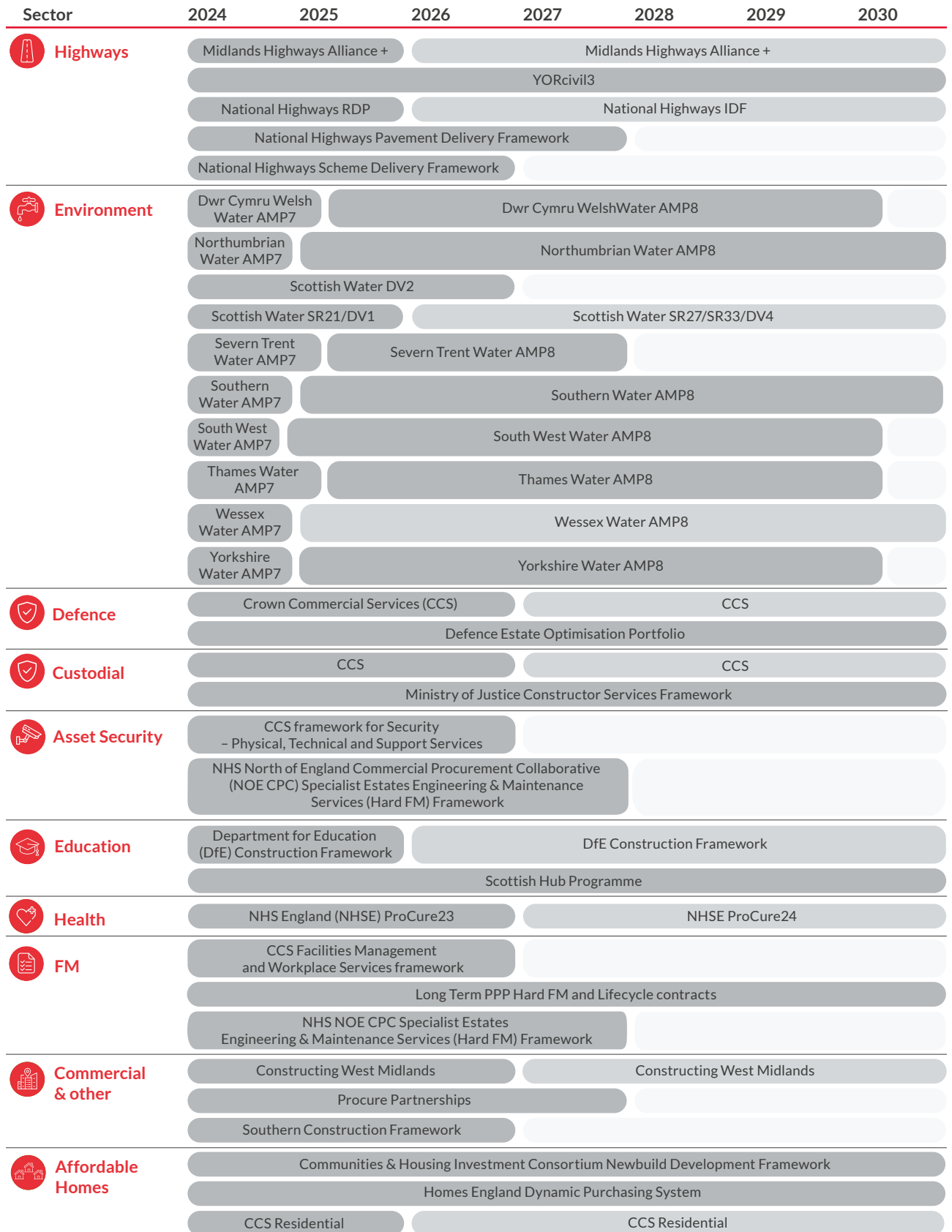
Our focus on delivering quality outcomes and building trusted relationships with our clients is reflected by the fact that 86% of our order book is in frameworks. Frameworks are a vehicle for the public and regulated sectors to procure projects in a collaborative manner, forming long-term relationships, improving quality and creating efficiencies. Securing positions in frameworks is our preferred route to market as it provides us with greater certainty and the ability to act more strategically. Key benefits include:

- ➔ Aligned objectives with acceptable risk.
- ➔ Established and well-understood terms and conditions with predictable behaviour.
- ➔ Transfer of knowledge from project to project, creating an environment of continuous improvement.
- ➔ Efficient and streamlined procurement processes.
- ➔ The development of long-term strategic relationships.
- ➔ Long-term visibility of opportunity pipeline.



Chief Executive Bill Hocking at the signing ceremony for the Defence Estate Optimisation portfolio partners.

Example of our framework visibility



● Secured ● Projected

Clients continued

Gold Standard frameworks

In March 2024, we were awarded a place on the Communities & Housing Investment Consortium (CHIC) New Build Development Framework for affordable housing, one of the first frameworks to be verified as the 'Gold Standard' of construction.

'Constructing the Gold Standard' is an independent verification scheme that sets out 24 recommendations to help clients identify what questions they should ask when creating and implementing construction frameworks and alliances, what answers they should expect, and guidance on how they can make informed decisions.

Securing a place on this framework supports our strategic objectives in the affordable homes sector and will ensure that we collectively adopt urgent recommendations for improved value, reduced risks and achievement of net zero on construction projects procured through this route.

Low carbon construction

Our ability to support clients in achieving their carbon reduction objectives, and demonstrate how together we can meet the Government strategy for net zero carbon, alongside our own net zero commitment by 2045 is key to our success.

Examples of some of the low carbon projects we have delivered during the year include:

➤ Greenhead College

The Greenhead College sixth form building, is part of the first wave of the Department for Education's School Rebuilding Programme, which is funding the rebuilding and refurbishment of 500 schools and colleges across the UK. The design removes the use of fossil fuels and adopts a fabric-first approach to improve the envelope of the college, reducing energy demand through passive design methods, and helping achieve net zero carbon in operation, based upon the target 2050 grid carbon factor.

➤ Catherine School

The £14m new building, built on behalf of the Department for Education, features a high-performance envelope and insulation, air source heat pumps, photovoltaic panels, heat recovery and solar-powered wind catchers, alongside a natural ventilation system, to achieve its net zero carbon in operation target.

➤ Shireland Academy

A five-storey office building in Sandwell has been completely remodelled internally, providing facilities for 870 students, including a triple height performance hall within an existing atrium leaving the main structure of the building untouched, including the existing fabric, external cladding and internal stairwells. The open plan office space surrounding the original atrium has been refitted and repurposed, while the car park has been turned into an outdoor social space for students. The repurposing of an existing building has also delivered significant embodied carbon savings compared to an equivalent new build project.

Looking forward

We plan to:

- Maintain and develop our presence on frameworks.
- Maintain ISO44001 Collaborative Relationship Standard in support of our collaborative relationships with our clients.



Greenhead College in Yorkshire.

Strategy in action

How digitalisation will drive our strategy for margin and revenue growth

Digital tools are driving our performance by creating a more efficient approach to project delivery. They are:

- ➔ **Improving safety** by reducing the need to be on site.
- ➔ **Enhancing quality** by accurately relaying live data to enable informed decisions, reducing errors and rework.
- ➔ **Enabling collaboration** by facilitating simultaneous, real-time adjustments by multiple parties remotely.
- ➔ **Improving visualisation** by enabling the visualisation of 3D models in a life-like environment, making it easier to identify potential design flaws.
- ➔ **Supporting training** with lifelike Virtual Reality, reducing the risk of accidents and injuries.
- ➔ **Lowering carbon and saving time** by reducing waste through increased accuracy and reducing the need for travel.
- ➔ **Driving down costs** by speeding up processes and freeing up employees to carry out higher value work.

Examples in our business include:

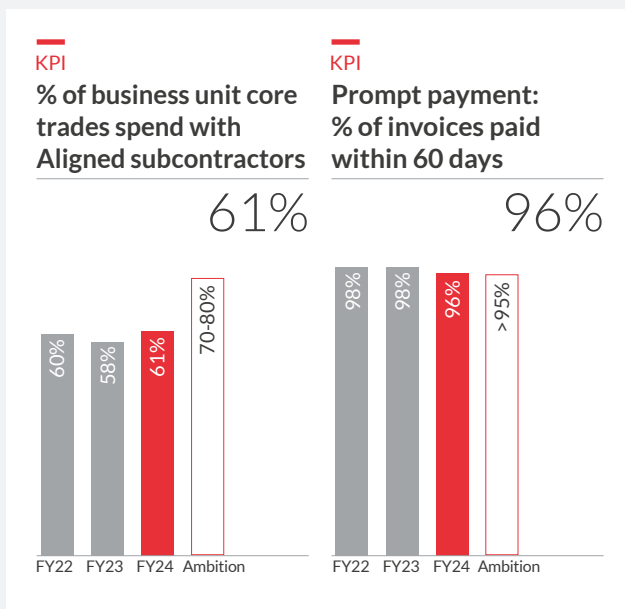
- ➔ **Digital twins:** we have developed the capability to produce digital replicas of water assets to allow engineers to remotely monitor and optimise plant performance. This enables us to deploy the knowledge of skilled experts who are in short supply nationwide.
- ➔ **Digital mapping:** we are combining advanced technology laser scanning with traditional surveying practices to efficiently capture and create accurate representations of physical spaces. This mapping enables teams to share information and collaborate on design and operational management issues of client assets in real-time, enabling effective triage of issues and better planning.

- ➔ **Augmented Reality:** we are using software to overlay 3D design models with augmented reality to simulate the next sequence of activity, highlighting potential issues before they happen and creating efficiencies.
- ➔ **Artificial Intelligence** is being used to take into account factors such as productivity, waste management, lean construction, sustainability, and health and safety to lead to improved performance and create cycles of continuous improvement.
- ➔ **Virtual Reality** is being used to train our people on high potential health and safety issues so they can visualise risks in real locations and scenarios from Galliford Try.
- ➔ **Digital photo records:** we are using software to capture regular 360 degree images and videos of the live construction phases we build, which provides progressive assurance to our clients and means that, there is 'as-built' documentation of buildings for future reference.



Supply chain

Our objective is to align our supply chain with our culture and create collaborative relationships that deliver best practice, innovation and sustainable outcomes for clients, communities and the environment.



Performance against our KPIs

Aligned subcontractors

We continue to focus on developing collaborative, long-term relationships with our supply chain partners through our Advantage through Alignment (AtA) programme. AtA is designed to enable deep collaboration and provide support to Aligned subcontractors through training and education, by sharing our working practices, values and our vision and by giving access to our behavioural safety programme, Challenging Beliefs, Affecting Behaviour, BIM training and Continuing Professional Development.

During the year, our core trades spend with Aligned subcontractors was 61% (2023: 58%).

Prompt payment

As a signatory of the Prompt Payment Code, we are committed to paying 95% of supply chain invoices within 60 days. We continue to outperform this target, with 96% of invoices paid within 60 days in the year to 30 June 2024 (2023: 98.1%) and the average days to pay remains low at 26 days (2023: 26 days).

The implementation of a new ERP system during 2024, had a short-term negative impact on performance, including against the target of paying 95% of invoices from suppliers with fewer than 50 employees within 30 days, with 79% paid within 30 days (2023: 88%). We expect this metric to improve again in the next financial year.

Areas of focus in the year

Group Supply Chain & Procurement Director

During the year, we appointed a Supply Chain & Procurement Director. This is a new role, with the remit of developing our strategic approach to supply chain management, supporting the development of a strong and Aligned supply chain to enhance delivery performance and support the business's future growth plans.

Our new director has been appointed as a Board member of the Supply Chain Sustainability School which will drive greater engagement with the School and help us leverage the learning and development and other resources within our own organisation, and across our supply chain.

Supplier onboarding

We have successfully upgraded our on-boarding platform. One of the major new additions to the platform is a Risk Radar which enables us to monitor live updates on a company's:

- ➔ Financial health score.
- ➔ Event incident data from the Health and Safety Executive.
- ➔ Event incident data from the Environment Agency.
- ➔ Information held by the UK Employment Tribunal.
- ➔ Tax case information.

CIPS Corporate Ethics Mark

Our Infrastructure business has been awarded the Chartered Institute of Procurement and Supply (CIPS) Corporate Ethics Mark in recognition of its commitment to ethical procurement and supply practices. To obtain this recognition, organisations must have taken proactive steps in the last 12 months to safeguard against unethical conduct in procurement and supply management, including ensuring that staff who select and manage suppliers are trained in ethical sourcing and supplier management.

We intend to replicate the good practices developed within our Infrastructure business across our other businesses and achieve Group-wide accreditation in the future.

Net Zero Partners

We continue to engage with our supply chain through our Net Zero Partners initiative to support and learn from our wider supply chain to accelerate our own net zero journey and that of the wider industry. We have undertaken regional supply chain and client engagement sessions, project specific opportunity workshops and one-to-one discussions with our major suppliers. We are also participating in industry-wide events and working groups to play our part in driving the industry towards a net zero future. Examples of tangible carbon benefits delivered through greater engagement with our supply chain partners include:

- ➔ **Wernick Hire**
We have been trialling their GreenSpace ECO cabin which has achieved an A rated energy performance. The cabin combines smart sockets, battery energy storage, solar panels and enhanced draft sealing. Based on a canteen, two changing rooms, an office and meeting room/office this has provided us with energy savings of 466,000 kWh and a carbon saving of 85,000 kg CO₂e.
- ➔ **Ainscough**
We have continued to work closely with Ainscough Crane Hire not only for their exemplary approach to health and safety but also their ability to run their fleet of mobile cranes on Hydrotreated Vegetable Oil. This has assisted the business to reduce emissions and saved circa 69,000kg of CO₂e during our last financial year.

Looking forward

We plan to:

- ➔ Enhance our digital capability across the Group to enable more connected data and allow for even more visibility of procurement activities, thus ensuring we can leverage best value and take wider informed strategic approaches.
- ➔ Alongside Advantage through Alignment, continue developing our category management strategies across our core supply chain activities. This will give us enhanced closer relationships with our key strategic supply chain partners, increase our management of risk and ensure we continue to secure the right capacity and capability to deliver our pipeline.
- ➔ Implement ISO 44001: Collaborative Business Relationships with our key supply chain.
- ➔ Update and improve our supplier performance management programme, ensuring that we cover all areas of performance including new requirements for aligned metrics, carbon and sustainability.
- ➔ Hold a Group Supply Chain Conference to bring together our Aligned supply chain from all areas of the business, to ensure we cascade key messages around our business plan, upcoming pipeline, sharing any key delivery messages, and celebrating success.

Strategy in action

Collaborating to drive sustainability and innovation

The challenge: the design of the embankments on a 7.1 km section of the Melton Mowbray Distributor Road scheme would have required the project team to import 8,829 tonnes of stone via 444 HGV movements. They therefore sought a value engineering solution to reduce time, cost and carbon emissions.

The solution: working with underground drainage specialists Burdens and other project stakeholders, we explored alternative solutions, leading to a new innovation: Fildrain, an approved geocomposite drainage layer that significantly reduced the volume of stone required and avoided the associated vehicle movements. This solution resulted in a 66% reduction in carbon emissions and 50% decrease in construction time.



Human rights and modern slavery

Ensuring human rights

We are committed to upholding human rights and we take steps to prevent slavery and human trafficking from taking place in our business and supply chain. We fully support all UK legislation for human rights, recognising modern slavery and human trafficking to be the most significant human rights risks to UK construction businesses.

Action and performance

Since the Modern Slavery Act came into force, we have run awareness campaigns comprising posters, videos and educational material aimed at helping people to recognise the typical signs of modern slavery.

We ask suppliers of equipment and materials to our businesses to consider the risk of modern slavery and to ensure that there is no slavery or trafficking in their supply chain.

During the year, we established a Modern Slavery Working Group to identify and oversee further action we can take to minimise the risk of forced labour and modern slavery within our operations and supply chain. Actions that we have taken in the year include reviewing our Modern Slavery statement and performing audits of our preferred supplier labour agencies.

Our independent and confidential whistleblowing procedure encourages employees and third parties to raise any potential concerns.

Anti-bribery and corruption

Policy and management

On joining, and every three years, all employees must complete an online course regarding the Bribery Act.

Twice a year, every Business Unit managing director and head of support function is required to sign a declaration that their respective teams are aware of the policy and the Code of Conduct, comply with their contents, and that any issues have been reported.

Performance

No material issues were reported or identified.

Non-financial and sustainability information statement and non-financial key performance indicators

The information required to be included in our non-financial and sustainability information statement, under sections 414CA and 414CB of the Companies Act 2006, can be found in the following places in the Strategic report:

Area	Key policies – available on our website	Further information on related risks, KPIs and performance
Employees	Health and Safety Policy Statement	Pages 24 to 30
	Employee Wellbeing Policy	
	Flexible Working Policy	
	Maternity Leave Policy	
	Paternity Leave Policy	
	Adoption Leave Policy	
	Shared Parental Leave (Birth) Policy	
	Shared Parental Leave (Adoption) Policy	
Environmental matters and climate-related matters including TCFD disclosures	Energy Policy	Pages 31 to 35 and 61 to 72
	Environmental Policy Statement	
	Responsible Sourcing Policy	
	Sustainability Policy	
	Biodiversity Policy	
	Carbon Reduction Plan	
Human rights	Modern Slavery Statement	Page 46
Social matters	Code of Conduct – Doing the Right Thing	Page 46
Anti-bribery and corruption	Policy and Guidance on the Prevention of Corruption and Fraud	Page 46
	Tax strategy	
	Corporate Criminal Offences Policy	
Business model	n/a	Pages 4 to 7
Principal risks	Risk Management Policy	Pages 56 to 60



Sustainable financial returns

This cornerstone of our Sustainable Growth Strategy revolves around delivering strong, predictable cash flows and margin improvement and generating increasing sustainable returns.



Financial review

Delivering sustainable growth

The Group has delivered another strong financial performance, a year of revenue, profit and margin growth, alongside excellent shareholder returns, and a stronger balance sheet. 2024 represented our fourth consecutive year of forward momentum as we start to deliver against our updated 2030 strategic targets.



Financial performance^{1,2}

Revenue	Statutory profit before tax
£1,772.8m (2023: £1,393.7m)	£30.9m (2023: £10.1m)
Divisional operating margin ^{1,2}	Full year dividend per share
2.5% (2023: 2.4%)	15.5p (2023: 10.5p)
Operating profit before amortisation ^{1,2}	Average month-end cash ³
£29.6m (2023: £19.1m)	£154.8m (2023: £134.7m)
Profit before tax ²	PPP portfolio
£32.7m (2023: £20.6m)	£41.8m (2023: £44.6m)

1 See note 32 for a reconciliation of statutory numbers to Alternative Performance Measures.

2 Pre-exceptional items unless otherwise stated.

3 Average month-end cash is a non-statutory measure the Group refers to, being the average month-end cash balance over the financial year.

Revenue

Revenue increased by 27.2% from £1,393.7m in the last financial year to £1,772.8m, with strong performances in both Building and Infrastructure.

Building recorded increased revenue of £938.3m (2023: £797.1m), up by £141.2m, primarily reflecting ongoing organic growth supported by the delivery of the work that was previously communicated as delayed by the macro inflation and public sector procurement challenges in 2022.

Infrastructure contributed revenue of £819.8m (2023: £590.8m), which is an increase of £229.0m, with our Environment business benefiting from strong AMP7 demand. We are pleased to say the early contract awards on the much larger AMP8 have started well, and we are encouraged as to their long-term contribution to our 2030 targets.

Investments' revenue was up significantly at £14.7m (2023: £5.8m). This included initial development fees related to the financial close of the division's first Private Rented Sector (PRS) scheme, in Cardiff, as well as the ongoing project management fees associated with the construction of the scheme itself.

Kris Hampson
Chief Financial Officer

Operating profit before amortisation

Our pre-exceptional operating profit before amortisation, excluding the impairment of financial assets in 2023, was up from £21.9m (£19.1m including the £2.8m impairment of financial assets) to £29.6m resulting in an improved divisional operating margin of 2.5% (2023: 2.4%).

Of this total, Building generated profit of £24.0m (2023: £18.5m), representing a margin of 2.6% (2023: 2.3%), and Infrastructure generated profit of £20.1m (2023: £14.5m), representing a margin of 2.5% (2023: 2.5%).

Further details of divisional performance are set out in the Operating review.

Pre-exceptional operating costs were £14.5m in aggregate across Investments and Central Costs (2023: £11.1m), while the comparative period included a £3.6m one-off profit on the disposal of an interest in a joint venture entity.

Central Costs were £13.5m (2023: £12.5m).

Exceptional items

Exceptional items of £2.6m that were incurred in the year (2023: £10.5m), as set out in note 4 to the financial statements related to our investment in cloud-based Enterprise Resource Planning (ERP) finance and commercial systems as part of our investment in our digital and data capabilities. The new system, Orbit, went into operation in September 2023, and is driving efficiency by joining up processes across our people, pre-construction, commercial, finance and procurement processes and supporting decision-making with its data and insights. Investing in systems such as Orbit enables us to continuously improve and optimise our processes ensuring we have a modern solution that is fit for the future. We do not expect any further exceptional items relating to the Orbit investment. Details are set out in note 4 to the financial information.

The exceptional tax credit of £9.6m and associated interest of £0.8m arises following amendments to company tax returns filed in March 2024 and agreed by HMRC for the period ending 30 June 2019. The amended returns incorporated accounting adjustments arising from the outcome of a previous FRC standard review enquiry (concluding in March 2020), with the associated corporation tax impact being recognised in the first available open period, being 30 June 2019. The £9.6m credit arises from additional group relief claims being filed for the period, resulting in a refund due from HMRC for overpaid corporation tax. The tax refund had not previously been recognised as it was still at an early stage of discussion with HMRC, who had initially rejected the Group's submissions, and as such it was not considered probable it would be received.

Net interest income

Pre-exceptional net interest income of £5.4m is higher than last year (2023: £4.5m), with the increase largely a result of improved interest rates partly offset by increased IFRS16 lease interest charges. The £0.8m exceptional interest credit arises as a direct result of the £9.6m exceptional tax credit being due from HMRC noted above.

Profit before tax

Pre-exceptional profit before tax was £32.7m (2023: £20.6m). Exceptional items of £1.8m (2023: £10.5m) have been incurred in the period, largely relating to our investment in digital finance and commercial systems. Post-exceptional profit before tax was £30.9m (2023: £10.1m).

Taxation

The pre-exceptional tax charge for the year is £4.8m (2023: £3.1m), which equates to an effective tax rate of 14.6% (2023: 15.1%) for the year to 30 June 2024, after allowing for prior year tax adjustments, which compares to the standard effective tax rate of 25.0%. In previous years, our tax rate was lower than the standard UK rate of corporation tax due to non-taxable income. The rate is lower in 2024 due primarily to the recognition of deferred tax assets on previously unrecognised brought forward tax losses, on executive share-based schemes, and the unwinding of prior corporate interest restrictions. As expected, our rate will normalise towards the standard corporation tax rate in future years. The post-exceptional tax credit is £5.3m (2023: £1.0m charge).

We have a constructive and open relationship with HMRC and look to comply with both the letter and spirit of relevant regulations and to pay our fair share of tax. Our tax strategy is available on our website at <https://www.gallifordtry.co.uk/about/governance-and-policies/>.

Earnings and dividends per share

We recorded pre-exceptional earnings per share for the year of 27.9p (2023: 16.6p). The post-exceptional earnings per share in 2024 were 36.2p (2023: 8.7p).

The Board declared an interim dividend of 4.0p per share (2023: 3.0p), which was paid to shareholders on 12 April 2024.

For the financial year to 30 June 2024, the Board has proposed a final dividend of 11.5p per share (2023: 7.5p), bringing the total dividend for the financial year to 15.5p per share (2023: 10.5p), up by 47.6%. The full year dividend in 2024 is covered 1.8 times (2023: 1.8 times) by pre-exceptional earnings.

In its announcement on 8 June 2023 following settlement of its longstanding dispute, the Group announced that the Board had decided to declare a special dividend of 12.0p per share, payable following publication of the Group's results for the financial year ending 30 June 2023. The special dividend was paid on 27 October 2023 to shareholders on the register as at 6 October 2023. The ex-dividend date was 5 October 2023.

At 30 June 2024, the Company had distributable reserves of £110.4m (2023: £115.0m).

Financial review continued

Financial position

Our strategy is focused on continued revenue and margin improvement, and our capital requirements remain low, with strong operational cash generation.

All parts of the Group have potential, with growth biased towards higher-margin adjacent markets and specialist businesses, and while we have developed a proven track record of successfully identifying, acquiring and integrating companies, our new targets do not assume any further acquisitions. However, our capital allocation framework allows further investment should opportunities arise in line with our strategic priorities.

Cash and working capital

Our strong balance sheet, supported by a robust cash performance and valuable PPP assets, is important for clients; provides confidence to our supply chain; and continues to provide a strong underpin for our future plans.

The Group is well capitalised, maintaining its focus on disciplined cash management in line with the Board's key capital allocation objectives.

The Group operates with daily net cash, no bank debt facilities, and no defined benefit pension liabilities. At 30 June 2024, the Group had a cash balance of £227.0m (2023: £220.2m), with average month-end cash balance in the year of £154.8m (2023: £134.7m). This demonstrates continued robust cash management throughout the year. Strong operational cash leverage and tight working capital management supported capital allocation in the form of circa £4m M&A consideration and circa £29m (2023 circa £20m) of cash returns to shareholders in the period via share buybacks and dividends.

At 30 June 2024, net working capital employed was £274.6m (30 June 2023: £268.5m). Total equity at the year-end was £122.4m (2023: £118.6m).

The Group has recognised a material provision in respect of the estimated future costs that will be incurred during a defects liability period on a specific contract. The provision has been estimated at £14.6m (2023: £16.9m) with a reasonable range of outcomes between £7.3m and £17.5m. The Group has engaged with experts to support the basis and range of calculations. Given the range of reasonably possible outcomes and the judgement involved in determining whether a provision should be recognised, it is considered to be a critical accounting estimate and judgement. Further details are provided in note 1 and note 20 to the financial statements.

We continue to be proud of our collaborative and open approach with all our supply chain. Our performance under the Prompt Payment Code remained high, with 96% of invoices paid within 60 days (2023: 98%) and average days to pay invoices of 26 days (2023: 26 days).

Good capital management

Cash generation: our business is typically cash generative, as we receive regular payments from clients as projects progress, and convert revenue and profit into cash. We do not require significant investment in fixed assets or working capital and deploy a modest amount of cash for ongoing investment in the business and for investing in PPP or co-development projects. This supports predictable cash flow, margin improvement and shareholder returns as well as giving us the agility to respond to any adverse market conditions or M&A opportunities.

Strong balance sheet to support operations

- Competitive advantage.
- Gives confidence to clients and supply chain.
- Support disciplined approach to project selection.
- Mitigate against any adverse market conditions.

Reinvest in the business

- Enables strategic and bolt-on acquisitions to enhance capabilities.
- Accelerates adjacent market opportunities.
- Ability to invest in technology and training to drive quality and efficiency.

Sustainable dividend policy

- Dividend will increase with earnings growth.
- Delivering sustainable returns to shareholders.

Return excess cash

- Consider cash requirements for future growth.
- Return excess cash to shareholders when appropriate.

Investments

At 30 June 2024, the Group directors' valuation of our PPP portfolio was £41.8m (2023: £44.6m), reflecting a blended 7.6% discount rate (2023: 7.3%). These assets contribute to our balance sheet strength and generated interest income in the period of £3.8m (2023: £3.9m).

Capital allocation and dividends

The Board is committed to maintaining a strong balance sheet, which provides the Group with competitive advantage in its market and supports our growth strategy. Our capital allocation priorities remain unchanged, as set out below.

Strong balance sheet to support operations

A strong balance sheet is an important element in delivering the Group's Sustainable Growth Strategy, as it provides a competitive advantage in the market, supports the Group's disciplined approach, and provides confidence to our clients and supply chain. The current outlook across our markets is encouraging and supports our strategy. However, the Group also ensures that it is prepared for any adverse change in market conditions that may arise. Our strong balance sheet is particularly important for the Group to continue to operate its disciplined approach to contract selection and focus on operating margin, irrespective of any short-term economic concerns. The management of past inflationary pressures demonstrates the value and importance of the Group's risk management framework and focus.

Invest in the business

We are able to allocate capital to assist the development of our adjacent markets, as demonstrated by our acquisition of AVRS Systems in November 2023, and the acquisitions of nmcn's water businesses, and Ham Baker and MCS Control Systems in previous years. Our strong cash balance enables the Group to react quickly to strategic opportunities, including bolt-on acquisitions that enhance our capabilities and increase value, and to continue to invest in enablers of growth such as digital capabilities.

Paying sustainable dividends to shareholders

The Board understands the importance of dividends to shareholders and in setting its dividend considers the Group's profitability, its strong balance sheet, high-quality order book and longer term prospects. Consistent with this approach, the Group expects dividend per share to increase in line with earnings as the business grows.

The Board's confidence in the outlook led to an improved dividend policy, announced in September 2023, of earnings covering the dividend by 1.8 times. Alongside dividend growth from our operational performance, this improvement reflects the low-risk nature of the PPP asset portfolio and its annuity interest income and provides a sustainable increase in dividends to shareholders while retaining capital to invest in growing the business.

Returning excess cash

We continue to assess the cash requirements of the business to ensure the Group remains well positioned to deliver on its strategy and has sufficient funds to invest in the business. In September 2022, having reviewed the Group's strong cash performance and ongoing capital requirements the Group launched a share buyback programme of up to a maximum of £15m of shares of 50p per share. On 17 November 2023, we announced the completion of the share buyback programme with a total of 8,404,148 shares repurchased and subsequently cancelled, representing approximately 7.5% of issued share capital. In addition to this, the Group paid a special dividend of 12.0p per share (amounting to £12.5m) on 27 October 2023, as announced on 8 June 2023. As previously announced, where average month-end cash and PPP assets increase above the level required, the Board will consider making additional returns to shareholders.

Alongside our full year dividend at 15.5p per share, up 47.6% on last year, the Group is announcing a further share buyback programme of a maximum of £10.0m, reflecting both the corporation tax refund and our confidence in future cash generation, while maintaining flexibility for M&A opportunities as they arise.

Contingent liabilities

The directors ensure that contingent liabilities are appropriately assessed, documented and monitored.

More information can be found in note 28.

Going concern and Viability Statement

Our going concern statement, together with further related information, can be found in the Directors' report on page 130. Our Viability Statement can be found on page 73.

Critical accounting policies and assumptions

Our principal accounting policies are set out in note one to the financial statements, together with a description of the key estimates and judgements affecting the application of those policies and amounts reported in the financial statements.

We use alternative financial performance indicators to monitor our performance, alongside standard measures, which are designed to be useful to investors by providing a balanced view of our operations. An explanation of these measures and reconciliations to the corresponding statutory measures are included in note 32.



Kris Hampson
Chief Financial Officer

Operating review

A strong performance

We delivered another strong set of results during the financial year in our Building, Infrastructure and Investments businesses.

Performance

Building

Building (which includes our FM business) had a revenue of £938.3m (2023: £797.1m), generating an operating profit before amortisation of £24.0m (2023: £18.5m), representing a margin of 2.6% (2023: 2.3%).

	2024	2023
Revenue (£m)	938.3	797.1
Operating profit (£m) ¹	24.0	18.5
Operating profit margin (%) ¹	2.6	2.3
Order book (£m)	2,294	2,249

¹ See note 32 for a reconciliation of statutory numbers to Alternative Performance Measures.

Building's revenue was up by £141.2m to £938.3m (2023: £797.1m). Revenue has grown, as expected, as we now benefit from the volume of new work that was delayed by inflation and public sector procurement challenges in 2022. We continue to target margin progression, with the improvement in the period reflecting the performance of projects across the business and our strategy of focusing on bottom line growth.

Our FM business continues to complement our operations by providing high-quality building maintenance services. We continue to grow the capabilities of this operation, with a specific focus on decarbonising existing buildings through retrofit and other interventions. Our new operations within the Affordable Homes sector are also reported within Building.

Building won contracts and positions on frameworks worth over £989m, (2023: £999m). This included the £3.2bn Communities & Housing Investment Consortium (CHIC) Newbuild Development Framework for affordable homes, the £72m remodelling and refurbishment of Adelaide House in central London for St Martin's Property Investments Limited, a £52m 30-storey build to rent development in Cardiff, an £87m build to rent development for Related Argent and Invesco Real Estate at Brent Cross Town, £101m of public sector building projects for the Ministry of Justice and Defence Infrastructure Organisation and the new £69m Paisley Grammar School Community Campus on behalf of Renfrewshire Council.

Building's order book stands at £2,294m, compared to £2,249m last year including 28% in education, 19% in defence, 14% in custodial, 14% in FM and 4% in health.



Strategy in action

Building a high-quality order book

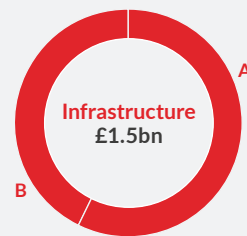
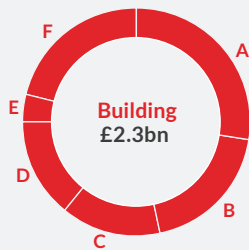
Our order book underpins our future plans and gives us excellent medium term visibility of pipeline, meaning that no part of the business needs to take on inappropriate levels of risk.

Our confidence in the quality of the order book comes from the following.

- ➔ Our focus on core sectors increases our understanding of contract risk, our ability to put appropriate mitigations in place, and our ability to successfully deliver quality projects.
- ➔ We actively target and maintain places on public sector frameworks in the UK as they help mitigate risk by enabling us to work within established and known terms and conditions and provide consistent pipelines of work.
- ➔ At 30 June 2024, 86% of our order book was in frameworks (2023: 82%).
- ➔ At 30 June 2024, 91% of our order book was in the public and regulated sectors (2023: 87%), and 9% in the private sector (2023: 13%) with carefully selected blue-chip clients.
- ➔ High visibility of the following year’s revenue gives us further confidence to bid with the appropriate discipline and selectivity.
- ➔ At 30 June 2024, 92% of planned revenue for the 2025 financial year was secured (2023: 92%).
- ➔ At 30 June 2024, the average contract size in Building’s order book was less than £20m.

Strong visibility of workload

Order book by sector



	£m
A Education	634
B Defence	437
C Custodial	329
D Facilities Management	324
E Health	87
F Commercial & other	483
Total	£2.3bn

	£m
A Environment	905
B Highways	641
Total	£1.5bn

Operating review continued

Performance

Infrastructure

Infrastructure's revenue was £819.8m (2023: £590.8m). The increase in revenue reflects the particularly high level of activity across our Environment business, as a result of strong AMP7 demand.

	2024	2023
Revenue (£m)	819.8	590.8
Operating profit (£m) excluding contract settlement ¹	20.1	14.5
Operating profit margin (%) ¹	2.5	2.5
Order book (£m)	1,546	1,464

¹ See note 32 for a reconciliation of statutory numbers to Alternative Performance Measures.

Infrastructure generated an operating profit before amortisation of £20.1m (2023: £14.5m), which represents a margin of 2.5% (2023: 2.5%).

Infrastructure won contracts and positions on frameworks worth £889m (2022: £659m). These include the £3.1bn AMP8 Southern Water Capital Programme Strategic Delivery Partner Framework, South West Water's Tier 2 Delivery Partners MEICA framework, the Scottish Government's £600m public sector civil engineering works framework, the £500m Generation Five (Gen5) Civil Engineering, Highways and Transportation Collaborative Framework 2024-2028 and £98m of Infrastructure projects, in South London for Thames Water, the Netley Water Treatment Works in Surrey and, in the redevelopment of the A629 route into central Halifax.

The business had an order book of £1,546m compared to £1,464m last year, including £641m for clients in the Highways sector and £905m in the Environment sector.

During the year, we announced the promotion of David Lowery, Managing Director of our Highways business unit, to the newly-created position of Managing Director of our Infrastructure business with effect from 1 July 2024. He was appointed to the Executive Board to advance the Group's Sustainable Growth Strategy within the Environment and Highways businesses.

£820m

revenue

£20m

operating profit



Performance

Investments

As outlined in our 2023 Annual Report, Investments has continued to move its focus towards co-development of Private Rented Sector (PRS) projects.

	2024	2023
Revenue (£m)	14.7	5.8
Operating profit/(loss) (£m)	(1.0)	1.4
Net interest income (£m)	3.8	3.8
Directors' valuation (£m)	41.8	44.6

Revenue was £14.7m (2023: £5.8m) with an operating loss of £1m (2023: £1.4m profit). This includes the recognition of initial development fees related to the financial close of the PRS scheme referred to on page 48, as well as the ongoing project management fees associated with the construction of the scheme itself. In 2023, operating profit included £3.6m relating to the profit on disposal of our interest in a joint venture arrangement.

At 30 June 2024, the Group directors' valuation of our PPP portfolio was £41.8m (2023: £44.6m), reflecting a blended 7.6% discount rate (2023: 7.3%). These assets contribute to our balance sheet strength and generated interest income in the period of £3.8m (2023: £3.9m).



£15m

revenue

£42m

directors' valuation

Risk management

Effective risk management

Our ability to identify, assess and manage risks and uncertainties is one of the key enablers to delivering our Sustainable Growth Strategy.

It is vital that we understand the potential risks associated with every project opportunity and ensure that we only bid for projects that align to our risk appetite and our ability to manage the risks. Our embedded culture of risk awareness enables us to identify and manage the risks associated with operating in a dynamic external environment. It also helps us identify and monitor the development of emerging risks, including the potential impact of climate change – both the physical risks and the risks associated with the transition to a low carbon economy (see pages 61 to 72).

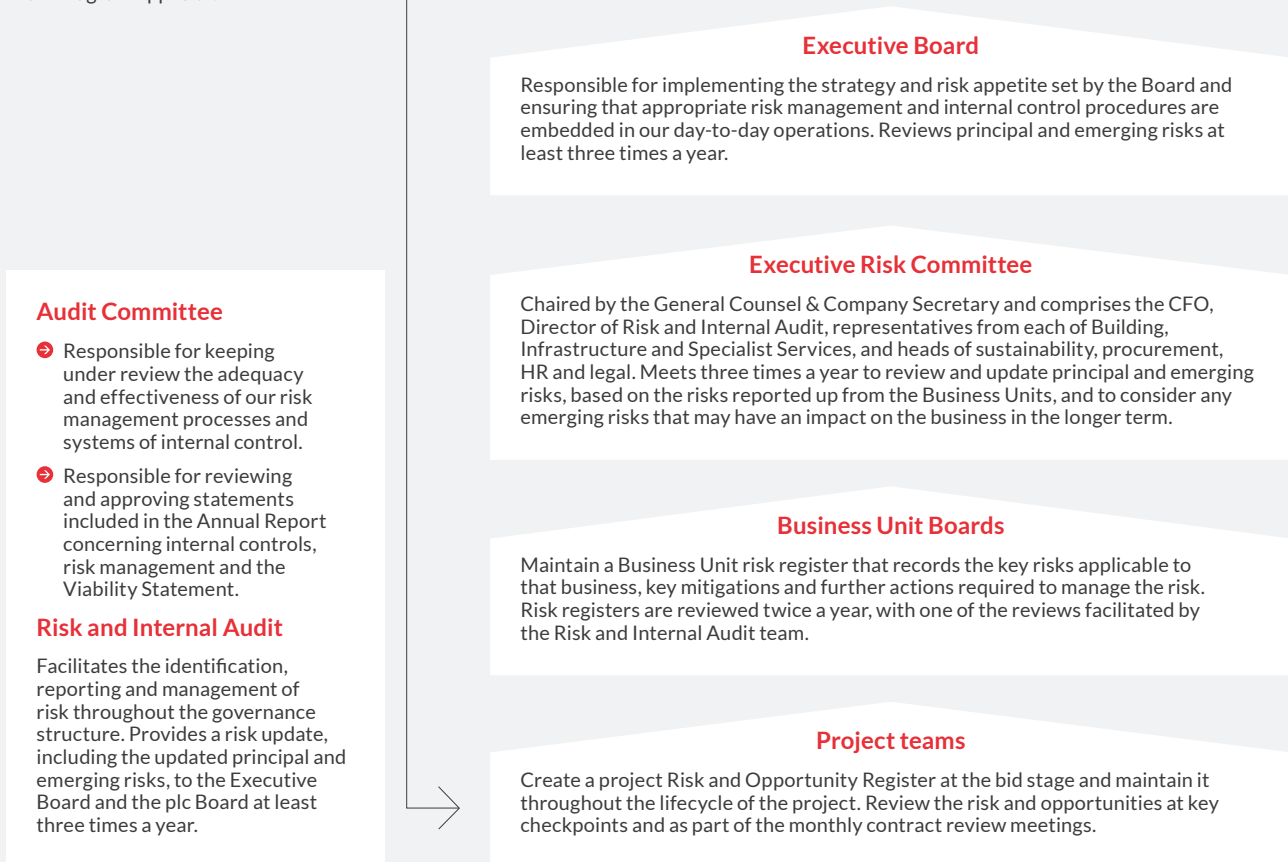
Our approach to managing risk is structured, pragmatic and targeted, with key risk mitigation measures embedded into management processes and activities. These include:

- ➔ A Business Management System with processes and procedures designed to give us control and confidence in commercial decisions.
- ➔ Project level controls and management oversight of project forecasts.
- ➔ Monthly cross-disciplinary contract review meetings on all projects.
- ➔ Standardised formats for monitoring and reporting project performance and forecasts.
- ➔ Comprehensive commercial training.
- ➔ A programme of commercial 'health checks' to provide an independent assessment of the project team's reported project performance and forecast outturn.

These activities are supported by a governance structure that provides oversight of key risks from the plc Board through to individual projects.

Our risk management process

The Group's risk management and governance structure is designed to facilitate both a bottom-up and top-down view of principal and emerging risks and is summarised in the diagram opposite.



Principal risks

At a Group level, the Board monitors risk using the following four principal risks, a detailed analysis of which is provided below:

- 1 Work winning
- 3 Resources
- 2 Project delivery
- 4 Regulatory compliance

This approach facilitates a targeted focus on the most significant risks and the actions being taken to manage them.

At an individual Business Unit level, our risk management process captures and monitors risks and mitigations using more detailed risk themes. These are aligned to the four principal risks so that we can take more targeted actions to address issues that are specific to the regions and sectors in which they operate.

Our principal risk areas remain largely unchanged for the updated strategy, details can be found in each section, where relevant.

1 Work winning



Risk description

We fail to secure an appropriate pipeline of projects to achieve our revenue and profitability targets.

Key risk indicators

- ➔ Percentage of planned revenue secured.
- ➔ Percentage of order book in frameworks.
- ➔ Order book by client type.
- ➔ Percentage of repeat business with existing clients.

Link to our strategic priorities

-  Quality and innovation.
-  Sustainable financial returns.

Risk appetite

We aim to secure a forward order book that provides a high degree of certainty of current year and following year revenue, while reflecting appropriate margin, cash and risk attributes.

Maintaining discipline in the projects that we take on is a fundamental element of our internal control framework. We will only accept projects where we are confident that we have the experience, knowledge and supply chain to deliver effectively and where the client relationships and commercial terms support a collaborative approach to managing risk.

Potential causes of risk

- ➔ A significant and sustained reduction in Government investment in building and infrastructure projects reduces the opportunity pipeline.
- ➔ Increased costs make some schemes economically unviable leading to delays or cancellation of projects.
- ➔ Delays to and/or reduced levels of private sector investment due to macroeconomic conditions.
- ➔ Failure to secure positions on key procurement frameworks.
- ➔ Failure to develop a competitive low carbon construction capability.
- ➔ Poor quality bid submissions.
- ➔ Failure to maintain discipline in project selection.
- ➔ Insufficient resources to support bid preparation.

Current risk environment

- ➔ Pipeline in our chosen markets remains strong, supported by Government policy on infrastructure spending and growing demand in the water sector.
- ➔ Our growth into affordable homes presents an opportunity to grow margins in the Building business without taking additional excessive risk. These projects will undergo the same diligent assessment that all other prospective projects do.
- ➔ Inflation returning to near the Bank of England target and stable interest rates are giving clients and funders greater cost visibility reducing the delays we have experienced in moving from preferred bidder to agreeing contract values, and ultimately project starts.
- ➔ The long-term transition to low carbon buildings and infrastructure is creating market opportunity, including net zero new builds and energy-efficient refurbishments and retrofits.
- ➔ The Building Safety Act introduces additional regulatory requirements which increases compliance risk and therefore may deter some private sector developers and investors. It will also create demand from building owners who need to comply with regulation.

Emerging risks

- ➔ We innovate or adopt new technologies too early, incurring costs associated with being an early adopter, or too late, losing market share.
- ➔ Client attitudes to sustainability shift at differing rates, leaving some clients focused on construction cost and others on whole-life cost and carbon performance.
- ➔ Changes to planning policy and regulations to deliver the UK's net zero ambition limit the ability of our clients to pursue new build construction schemes.

Mitigations

- ➔ We manage the potential impact of an economic downturn by building a high-quality order book with projects that meet our strict risk profile.
- ➔ We concentrate on sectors where we have core strengths and clients with long-term growth and profitability potential.
- ➔ We focus on securing positions on key procurement frameworks and repeat business with key clients through a centralised, dedicated pre-construction team. This allows for strategic planning, better collaboration and reduced risk of project failure.
- ➔ Each time we bid for a contract, we follow our internal "heat map" process, identifying risks across a range of criteria including the client and their advisors, project location and our local supply chain, our technical experience, our internal resources and capacity, the procurement method, contractual terms and conditions, and price.
- ➔ All contracts over £25m in value, or which have a heightened risk indicator on any other measure, are reviewed by the Executive Board prior to approval to bid. We typically target lower-risk contract types.
- ➔ We carry out peer reviews of bids where relevant to ensure robust review and challenge of risks and assumptions and to promote knowledge sharing across the business.
- ➔ Adjacent markets strategy, including PRS and the recent acquisitions in our Environment business, expand our target markets in a risk-managed way.

Risk management continued

Principal risks

2 Project delivery

Risk description

We fail to deliver projects safely, on time, in agreement with contractual terms, or to a high quality for our clients.

Key risk indicators

- ➔ RIDDOR and AFR scores.
- ➔ Safety Lead Indicators (eg Director Safety Tours, Safe Behaviour Discussions).
- ➔ Forecast project margins.

Link to our strategic priorities

-  People-orientated, progressive culture.
-  Socially and environmentally responsible delivery.
-  Quality and innovation.
-  Sustainable financial returns.

Risk appetite

We prioritise health and safety above everything else and believe that nothing is so important that we cannot take the time to do it safely. We will not tolerate poor quality and strive to deliver high-quality buildings and infrastructure for our clients that provide safe environments for the occupiers and users of the assets. We aim to provide realistic and transparent forecasts of project performance with potential risks to programme and margins identified and addressed before they materialise.

Potential causes of risk

- ➔ Changing regulations.
- ➔ Non-compliance with health and safety regulations and/or poor safety behaviours.
- ➔ Programme delays and cost escalation.
- ➔ Poor control of client and subcontractor variations and claims processes.
- ➔ Contractual notices not given as per contract requirements.
- ➔ Poor record-keeping and document management.
- ➔ Poor design quality and/or co-ordination.
- ➔ Failure to comply with quality control procedures.
- ➔ Extended periods of adverse weather conditions.
- ➔ Poor subcontractor performance and/or insolvency.
- ➔ Unrealistic estimates, including cost to complete, inflation estimates, outcomes of disputes and final value included in project forecasts.
- ➔ Material unavailability and extended lead times.
- ➔ Interest rate rises causing investment and cashflow issues within the supply chain.
- ➔ Failure to manage the adoption of new low carbon materials and technology.

Current risk environment

- ➔ Health and safety remains our first priority and our Lead Indicators approach is now established in the business.
- ➔ Staff shortages and cost of living pressures increase the sense of workers feeling stretched which could impact on safety and wellbeing.
- ➔ High levels of recruitment to support strategic growth plans require a greater focus on employee onboarding and training.
- ➔ Although we have experienced periods of extreme heat and intense rainfall, they have not resulted in a significant or widespread impact on our operations.
- ➔ Additional quality checks implemented to comply with the Building Safety Act have led to some minor programme delays. However, this unintended consequence is expected to subside as our project teams implement learnings over time.

Emerging risks

- ➔ We fail to adapt our processes to meet the requirements of our clients to have better and more reliable data about the assets we design and build for them.
- ➔ Future global pandemics, or indeed other supply-side shocks, have a significant impact on the construction industry.
- ➔ Building designs and construction methodologies fail to adapt to the physical effects of climate change, including more regular and more extreme weather events, leading to reduced productivity, programme delays and cost overruns.
- ➔ Materials availability will become more challenging when demand from the housebuilding sector increases.

Mitigations

- ➔ We continue to reinforce our behavioural safety programme Challenging Beliefs, Affecting Behaviours, and use Lead Indicators which target no harm.
- ➔ We take a values-driven approach to project delivery focusing on close collaboration and client satisfaction to achieve end goals for both parties.
- ➔ We undertake robust review and approval of contractual terms, pre-contract to ensure we do not sign up to contracts with onerous terms. This includes the employment of margin thresholds and escalation to the Board of any contracts that do not meet our criteria.
- ➔ We apply rigorous quality control in our BMS policies and procedures and adopt digitalisation to improve data, quality and efficiency.
- ➔ We carry out due diligence to select competent designers and subcontractors and use specialist consultants at key review stages.
- ➔ We provide comprehensive commercial training.
- ➔ We have standardised formats for monitoring and reporting project performance and forecasts.
- ➔ We undertake monthly cross-disciplinary contract review meetings on all projects to enable a robust assessment of programme status, risks and commercial forecasts and have upgraded our ERP systems.
- ➔ We carry out a programme of commercial 'health checks' to provide an independent assessment of the project team's reported project performance and forecast outturn.
- ➔ Operational controls including health and safety site risk assessments are monitored through a regular audit process.
- ➔ Our Technical and Business Support Forums drive process improvements across health and safety, digitalisation, carbon reduction, procurement, design management, mechanical and electrical, and commercial activities.
- ➔ Escalation processes respond promptly and appropriately to incidents.

3 Resources

Risk description

We fail to secure the right people and other resources necessary to deliver our projects and manage our business.

Key risk indicators

- ➔ Material and trade shortages.
- ➔ Voluntary staff churn rate.
- ➔ Time to hire.
- ➔ Prompt Payment Code performance statistics.
- ➔ Average month-end cash.
- ➔ Subcontractors not paying staff and suppliers promptly.

Link to our strategic priorities

-  People-orientated, progressive culture.
-  Socially and environmentally responsible delivery.
-  Quality and innovation.
-  Sustainable financial returns.

Risk appetite

We aim to recruit employees from a diverse talent pool who are aligned to our values and behaviours. We seek to work with financially resilient subcontractors, suppliers and joint venture partners who share our values in relation to safety, quality and sustainability.

Potential causes of risk

- ➔ We are unable to retain, develop and/or attract the right staff to meet our future needs, or we mismatch our staffing levels to peaks and troughs in activity or lack diversity.
- ➔ Lack of capacity in the supply chain due to high levels of activity in the construction sector.
- ➔ Subcontractor and/or client insolvency.
- ➔ Failure to comply with fair payment practices.
- ➔ Lack of geographical coverage.

Current risk environment

- ➔ Material cost inflation has reduced as demand/supply imbalances have stabilised and energy prices have fallen. However, we continue to take sensible measures to manage material cost inflation (early procurement, supply chain engagement, risk allowances in tenders etc).
- ➔ Lead times for bulk items like steel and bricks are returning to 'normal'. However, contingency is factored into our programmes and procurement planning to mitigate any short-term delays.
- ➔ Subcontractor insolvency remains a risk. We manage this by being selective in who we work with, monitoring our exposure and ensuring we pay our suppliers promptly.
- ➔ It remains a competitive market for talent. Large infrastructure schemes and a mismatch between skilled worker supply and demand continues to drive up salaries and increases the risk of employees leaving for higher reward packages. Our 'Grow Together' campaign is helping to engage our employees through our Employee Value Proposition which is part of the broader 'retain and gain' people strategy.
- ➔ The results of our employee survey indicate that we have high levels of engagement and satisfaction within our employees and we continue to improve the way we promote the business and develop our employee offering.

Emerging risks

- ➔ There is a generational shortage of skills as more experienced staff retire and are not replaced in sufficient numbers because the construction sector cannot compete with other sectors in attracting talent.
- ➔ Innovations in the use of technology will require us to attract a workforce with a different set of skills.
- ➔ Failure to embrace and successfully implement Artificial Intelligence tools.
- ➔ Depletion or increased scarcity of non-renewable materials may lead to greater volatility in prices and more regular disruption to supply.
- ➔ The drive towards net zero construction may lead to an increased risk of defects and quality issues as we start to use new, low carbon materials whose long-term performance is unproven.
- ➔ Availability of lower carbon materials will become more challenging as more main contractors look to secure the same resources.

Mitigations

- ➔ Our HR strategy is based on best practice principles and relevant legislation and includes the regular review of remuneration and benefits packages to ensure we remain competitive as well as focusing on wellbeing.
- ➔ Our succession planning and talent management processes enable continuity and identification of future leaders.
- ➔ We support our people's career ambitions and provide them with opportunities to progress. We promote opportunities for internal mobility through our Explore programme.
- ➔ We operate graduate, trainee and apprenticeship programmes to develop our own pipeline of talent.
- ➔ We develop long-term relationships with key suppliers and subcontractors so we remain a priority customer when resources and materials are in short supply.
- ➔ Our Advantage through Alignment programme facilitates greater engagement with our key supply chain members and provides them with greater visibility of our pipeline of projects.
- ➔ We are committed to paying 95% of supply chain invoices within 60 days and achieving the Prompt Payment Code standards, this is reinforced by our strong balance sheet and net cash position.
- ➔ We carry out enhanced supply chain checks and monitor subcontractor financial performance and reputational risks.
- ➔ Each business unit reviews its cash forecast weekly and monthly, and the Group prepares a detailed daily cash book forecast for the following eight-week period to highlight any risk of intramonth fluctuations. Forecasts are reviewed at Business Unit, division and Group level.

Risk management continued

Principal risks

4 Regulatory compliance




Risk description

We fail to comply with the requirements of the various legal and regulatory regimes in which we operate, resulting in a high-profile breach and regulatory censure.

Key risk indicators

- ➔ Number of external enforcement cases.

Link to our strategic priorities

-  Socially and environmentally responsible delivery.
-  Quality and innovation.
-  Sustainable financial returns.

Risk appetite

We have zero tolerance for non-compliance with regulations. We expect all employees and subcontractors to be aware of all regulations relevant to their role and to comply at all times. We also expect our people to speak up if they observe or suspect non-compliance.

Potential causes of risk

- ➔ Failure to update our procedures to reflect changes to key legislation and regulations.
- ➔ Failure to provide sufficient and effective training to all staff.
- ➔ Failure to implement effective compliance monitoring processes.

Current risk environment

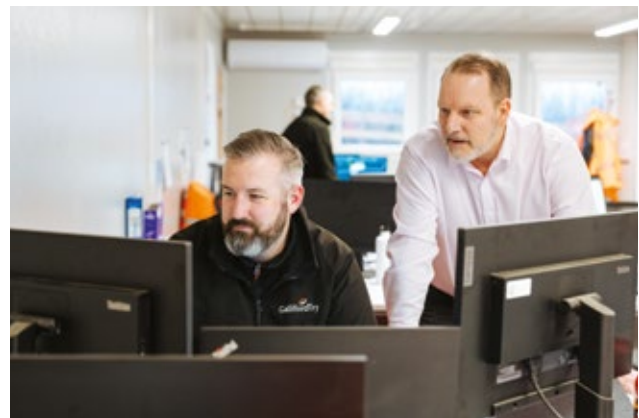
- ➔ The Building Safety Act has provided greater clarity on the requirements and responsibilities in relation to building safety and is driving greater quality in construction. The Act also has the potential for consequences in relation to the extended period in which certain defect claims can be made.
- ➔ We continue to invest in cyber security tools, recognising the potential risk of cyber-attacks, especially linked to the conflict in Ukraine, and the wider geo-political environment.
- ➔ The regulatory landscape in relation to ESG reporting is evolving quickly and requires us to monitor and publish more information and comply with new standards (ie those from the International Sustainability Standards Board).

Emerging risks

- ➔ Greater devolution may lead to very different regulatory regimes between England and the rest of the UK.
- ➔ New legislation to combat climate change, such as carbon taxes or a ban on the use of diesel could have a significant impact on our operations.
- ➔ Biodiversity and water use regulations may become more stringent and result in increased compliance costs.
- ➔ The new Corporate Governance regime will require enhanced internal controls disclosures.

Mitigations

- ➔ Galliford Try has comprehensive policies and guidance at every level including our Code of Conduct, mandatory regulatory and cyber security e-learning for all employees, an anonymous and independent whistleblowing helpline, regular legal updates and briefings, six-monthly compliance declarations, and conflict of interest registers and authorisations.
- ➔ The Ethics and Compliance Committee provides ongoing monitoring and oversight of policy and compliance activity in relation to key areas of legislation.
- ➔ Our information security standards and procedures are accredited to the ISO 27001 standard.



Task Force on Climate-related Financial Disclosures (TCFD)

Accelerating our action on climate change

We are taking action to ensure that our business continues to adapt and thrive in a changing climate.

The built environment is responsible for around 38% of global carbon emissions, therefore as a business operating in the construction sector, we have a responsibility to play our part in reducing emissions. We have reduced our scope 1 and 2 carbon emissions by 71% since 2012 and have set ambitious targets to achieve net zero scope 1 and 2 emissions by 2030 and across our value chain by 2045 (pages 32 to 35).

In accordance with LR 6.6.8G, in assessing our compliance with the recommendations of the TCFD, we have taken into account the guidance for all sectors in section C of the 2021 version of the TCFD guidance 'Implementing the Recommendations of the Task Force on Climate-related Financial Disclosures'. We have also reviewed the other guidance documents referred to in LR 6.6.9G, and as we have published net zero targets, we have particularly focused on the TCFD guidance on metrics, targets and transition plans. Based on this guidance, we have made disclosures that are aligned with the TCFD core element areas of Governance, Strategy, Risk Management and Metrics and Targets and comply with the 11 specific recommended disclosures, with the exception of the following recommendation where we are partially compliant:

- ➔ Strategy recommendation b – we have not disclosed quantitative assessment of the potential financial impacts of the risks and opportunities identified see Financial Impact section on page 65.

We have assessed the requirements of the Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022 and consider the disclosures we have made in relation to TCFD to address these requirements.

This year's TCFD disclosures reflect our increasing focus on climate change and some of the key developments and achievements during the year, including:

- ➔ Ensuring that our Sustainable Growth Strategy 2030 continues to reflect climate-related risks and opportunities.
- ➔ Developing and publishing our net zero routemap, in support of our net zero targets.
- ➔ Enhancing our articulation of the key climate-related risks and opportunities, particularly in relation to extreme weather events.
- ➔ Introducing new metrics and targets to enhance our monitoring of emissions reduction and climate transition risks and opportunities.
- ➔ Achieving a CDP Climate Change score of B, Management Level – 'taking coordinated actions on climate issues'.

Climate change considerations are embedded into our existing governance and risk management framework. Therefore to avoid duplication, the key disclosures in relation to the 11 TCFD recommendations are included in the relevant sections of the Annual Report, as indicated in the table overleaf. In this section, we have provided information on the disclosures that are not addressed in other sections.

Task Force on Climate-related Financial Disclosures (TCFD) continued

TCFD pillar	Recommended disclosure	How we addressed the disclosure
<p>Governance</p> <p>Disclose the organisation's governance around climate-related risks and opportunities.</p>	<p>a. Describe the Board's oversight of climate-related risks and opportunities.</p> <p>b. Describe management's role in assessing and managing climate-related risks and opportunities.</p>	<p>See 'Board and management oversight of climate-related issues' on page 63.</p> <p>For further information on management's role in assessing risk, please refer to our Risk Governance framework outlined on page 56 and broader Governance framework outlined on page 91.</p>
<p>Strategy</p> <p>Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning where such information is material.</p>	<p>a. Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.</p> <p>b. Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.</p> <p>c. Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.</p>	<p>See 'Our climate-related risks and opportunities' sections on pages 67 to 72.</p> <p>Given that we operate exclusively in the UK construction sector, a presentation of risks and opportunities by geography and sector is not considered relevant.</p> <p>'Environment and Climate Change' is part of the 'Socially and environmentally responsible delivery' cornerstone of our Sustainable Growth Strategy. See Market review on pages 10 to 13 and our Sustainable Growth Strategy on pages 14 to 17. See also 'Managing climate-related risks' on page 63 and 'Financial Impact' on page 65.</p> <p>We have performed a qualitative analysis of the effect of different climate scenarios on our climate-related risks and opportunities. See pages 63 to 64 for an explanation of the approach we have taken and pages 67 to 72 for our summary conclusions for each risk and opportunity.</p>
<p>Risk management</p> <p>Disclose how the organisation identifies, assesses, and manages climate-related risks.</p>	<p>a. Describe the organisation's processes for identifying and assessing climate-related risks.</p> <p>b. Describe the organisation's processes for managing climate-related risks.</p> <p>c. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.</p>	<p>The identification, assessment and management of climate-related risks and opportunities is embedded within our broader risk management structure and processes.</p> <p>For further information on our risk management process, please refer to the Principal risks section on page 57 to 60.</p> <p>See 'Managing climate-related risks' on page 63.</p> <p>Climate-related risks are considered as cross-cutting risks that can have an impact on a number of the principal risk themes we monitor at a Business Unit and Group level, such as work-winning or project delivery. For further information on our risk management process, please refer to the Principal risks section on pages 57 to 60.</p>
<p>Metrics and targets</p> <p>Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.</p>	<p>a. Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.</p> <p>b. Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.</p> <p>c. Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.</p>	<p>See 'Metrics and Targets' section on page 66.</p> <p>In 2023, we achieved a 2.5% reduction in our scope 1 and 2 GHG emissions compared to 2022.</p> <p>More detailed information on our GHG emissions performance and net zero targets are included in the Environment and climate change section on pages 32 to 35.</p> <p>See 'Metrics and Targets' section on page 66.</p>

Board and management oversight of climate-related issues

Governance over climate-related issues is embedded into our governance and risk management processes and structures. This approach allows us to assess climate-related issues in the context of the broader risk environment and allows us to factor climate-related issues into strategic planning and decision-making, including in relation to identifying target sectors and markets, setting our risk appetite, investing in people and technology, making strategic acquisitions and disposals, and setting performance targets.

Board and management oversight over climate-related matters is supported by the work of two sub-committees:

Executive Risk Committee

This committee is chaired by the General Counsel & Company Secretary and comprises the CFO, Director of Sustainability, and a representative from each division. It meets three times a year to review and update principal and emerging risks, including climate-related risks and opportunities. During the year, the plc and Executive boards have reviewed the detailed assessments of climate-related risks and opportunities performed by the Executive Risk Committee.

ESG Committee

The ESG Committee is chaired by the CFO, and is comprised of representatives from across our different operational divisions and support services functions. It meets at least three times a year and reports its activities and outputs to the Board, enabling Board oversight and influence across all ESG areas, including climate-related matters. The responsibilities of the ESG Committee include co-ordinating and overseeing the various carbon reduction initiatives being undertaken to achieve our net zero targets, and monitoring performance of our key climate-related metrics.

The Director of Sustainability reports directly to the CFO and has a fortnightly update meeting to review progress on a range of sustainability matters, including climate-related issues and carbon reduction targets and performance.

Our climate-related risks and opportunities

We continue to monitor our key climate-related risks and opportunities along with our principal and emerging risks, a process that is overseen by the Executive Risk Committee, which meets three times a year. The March meeting of the Committee focused on climate-related risks and opportunities with the key output being a summary of the key climate-related risks and opportunities which is reviewed by the Executive Board and plc Board. The Executive Risk Committee uses the Primary Climate Related Risk and Opportunity Drivers within the CDP framework to identify the risks and opportunities that are

most relevant to our sector, business model and strategy. Given the inherent uncertainty in relation to the financial impact of each risk and opportunity, the Executive Risk Committee does not perform a quantitative assessment of the size and scope of identified climate-related risks. The risks and opportunities disclosed are those considered to be most material to the business, based on a qualitative assessment. The most significant risks and opportunities are summarised on pages 67 to 72.

Climate-related risks are also considered during the Business Unit risk review process. The approach we take at a Business Unit level is to treat climate change as a cross-cutting risk that can have an impact on a number of the principal risk themes we monitor in the Business Unit risk registers, such as work winning or project delivery. This is the same approach we have taken to other cross-cutting risks including Brexit and Covid. Business Units are required to review and update their risk register twice a year.

Managing climate-related risks

The climate-related risks we face are managed through our existing strategic and operational management processes. For example, the risk and opportunity created by the increased carbon reduction requirements and expectations of clients is one of the key drivers of our Sustainable Growth Strategy. This is supported by operational responses, led by the Executive Board, to deliver the strategy. These responses include investment in new carbon reduction roles, creation of cross-disciplinary working groups, development of new processes and tools, and upskilling our own people and our supply chain. Climate-related issues and opportunities do not serve as a separate input to financial planning because they are currently largely indistinguishable from business as usual financial planning inputs.

Climate scenario analysis

We have developed three scenarios that are broadly defined by the pace and extent of climate change mitigation and the associated impact on the physical effects of climate change.

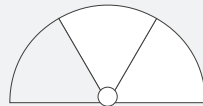
In developing our scenarios, we have used the UK Shared Socioeconomic Pathways (UK SSPs), that have been developed by the UK Climate Resilience Programme and are aligned to the global SSPs used by the IPCC in their sixth Assessment Report. We have used SSPs as the basis for our scenario analysis because they are grounded in the socioeconomic context in which Government policy and market responses to climate change will emerge and therefore are particularly relevant to assessing transition risks and opportunities. This context includes important socio-economic drivers such as economic development, demography, public attitudes and international relations.

Task Force on Climate-related Financial Disclosures (TCFD) continued

In assessing the likely timeline when risks and opportunities will begin to have an impact on the business, we have applied the definitions below. Although a risk or opportunity may have been assessed as beginning to have an impact in the short term, the impact may, in some cases, extend into the medium or long term.

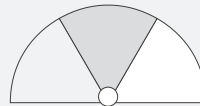
Short term (0–3 years)

Aligns to our current pipeline of opportunities and projects and reflects issues and trends that are already having some impact.



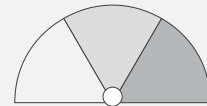
Medium term (3–10 years)

Issues or trends that are already visible, but are not yet having a significant impact.



Long term (10–30 years)

Potential issues or trends that are foreseeable, but there is a high degree of uncertainty on how they develop and what impact they will have on the business.



Scenarios

UK-SSP scenario	UK-SSP1 Sustainability	UK-SSP2 Middle of the road	UK-SSP5 Fossil-fuelled development
RCP scenario	RCP2.6	RCP4.5	RCP8.5
Abstract	The policy agenda is driven by changing societal attitudes with greater focus on equality and environmental protections.	The policy agenda initially does not change significantly, but then requires radical reform with increased reliance on public-private finance.	The policy agenda is driven by a focus on strong economic growth and maintaining energy and food security.

Key physical features

CO ₂ e emissions	Global emissions falling to net zero around 2075.	Global emissions remain at current levels until mid-century, then falling but not reaching net zero by 2100.	Global emissions triple by 2075.
Estimate of global warming by 2100	1.8°C	2.7°C	4.4°C
Climate impacts	In all scenarios, the UK experiences milder, wetter winters and hotter, drier summers. More regular extreme weather events such as heatwaves, droughts, flooding and storms are virtually certain in all scenarios, and become more frequent and more extreme as estimated global warming increases.		

Key transition features

Regulation	Strong environmental regulations are introduced, especially in relation to carbon emissions and environmental protection.	More stringent land use and planning regulations are gradually introduced to combat the increasing degradation of the natural environment.	Environmental legislation is relaxed to support the focus on economic development.
Investment	Increase in public spending on infrastructure with a focus on repurposing and transformation of infrastructure, to drive energy efficiency and wider access to good quality public services in education and healthcare and other public infrastructure.	Initially increased investment on connectivity and transport infrastructure, then public spending shifts to focus on technology to support smart cities, vertical agriculture, etc. Public-private partnerships result in slightly increased investments in education, health care and other public infrastructure.	High levels of public spending on infrastructure, health and education are maintained, funded by and in support of economic growth.
Energy	Renewables, with significant public and private investment in wind and solar as well as nuclear generating capacity.	Continued reliance on fossil fuels, and renewables becoming an increasing part of the energy mix. The private sector finances large-scale infrastructure projects for renewable energy (eg barrages).	Energy policy prioritises development of North Sea and shale gas reserves. Investment in renewables decreases due to lack of incentive with renewables only remaining when economically feasible.

We have used these scenarios to provide a qualitative assessment of how the climate-related risks and opportunities we have identified on pages 67 to 72 may change under the different potential pathways.

The UK SSPs are particularly relevant to our business model because in addition to being developed in the context of the UK, they factor in considerations in relation to future investments in sectors where we have a strategic focus, including infrastructure, health, education, affordable housing, and green technology. The SSPs have been supplemented with Representative Concentration Pathways (RCP) scenarios that are consistent with each SSP and provide a recognised framework for assessing the potential physical impacts of climate change under different scenarios. The key features of each scenario are summarised in the table on page 64.

Resilience of our strategy

The nature and scope of our activities and the commercial environment in which we operate provide us with a number of inherent advantages in terms of the resilience of our strategy and our exposure to climate-related risks:

- ➔ We do not have significant amounts of capital tied up in production facilities or other assets that could be at risk of stranding, ie their useful economic life being curtailed due to the transition to a low carbon economy.
- ➔ Our operations are entirely in the UK and therefore, while still exposed to rising mean temperatures and more severe weather events, we have limited exposure to the climate extremes that are predicted to make human life unsustainable in some regions of the world.
- ➔ Our presence in sectors such as Environment position us to deliver on the UK's requirement to address the impacts of climate change such as storm overflows.
- ➔ At any given time, across the UK we have a geographically dispersed portfolio of projects, therefore we are not exposed to damage to a business-critical facility, such as a factory or distribution centre, due to extreme weather.
- ➔ We are not exposed to rapid and unpredictable shifts in consumer preferences and behaviour as our work is for long-term repeat clients, largely in the public and regulated sectors.
- ➔ We are not exposed to the capital investment cost or risk associated with developing new, low carbon alternatives to existing product ranges as this is typically carried out by our supply chain partners.
- ➔ Where we have good visibility of rising costs, these can be priced into our bids and recovered from clients.

The qualitative scenario analysis we have performed this year provides further demonstration of the resilience of our Sustainable Growth Strategy. The strength of existing client relationships, our investment in developing our low carbon construction capability and ongoing collaboration with our supply chain position us well to manage the risks and capitalise on the opportunities of a rapid transition to a net zero economy. In the event of a slower or even no transition to net zero, there will still be market demand for construction services, albeit the investment drivers will have a greater focus on climate change adaptation rather than mitigation.

Financial impact

In assessing the potential financial impacts of our climate-related risks and opportunities, we have followed the guidance in the TCFD's document, *Implementing the Recommendations of the Task Force on Climate-related Financial Disclosures*. In accordance with the guidance, we have performed a qualitative assessment and have disclosed the category of financial impact for each of our climate-related risks and opportunities set out on pages 67 to 72. We have also provided an assessment of the relative level of potential financial impact, taking into account the risk mitigations and opportunity realisation measures, under each scenario.

While we have made qualitative assessments of financial impact, as in previous years, we have not sought to quantify the potential financial impacts. We continue to believe that this is a pragmatic appropriate approach for a number of reasons:

- ➔ It is extremely difficult to disaggregate the impact of climate-related risks and opportunities from other risk factors. For example, although the failure to develop a low carbon construction capability would have a negative impact on our ability to win work, it is just one of a number of factors that could affect this and is difficult to disaggregate from the other expectations of our clients and the broader market dynamics.
- ➔ The commercial environment in which we operate means that where additional costs associated with climate-related risks are identified (eg carbon taxes increasing the cost of carbon-intensive materials) those costs are included in our tenders and recovered from clients through project budgets.
- ➔ Many of the risks and opportunities are interrelated and therefore it would be misleading to quantify in isolation.
- ➔ For the risks identified, we have mitigations in place to manage the risk and minimise any potential financial impact.
- ➔ In the absence of consistent and detailed guidance on methodologies that should be adopted to quantify financial impacts, there is a risk that we adopt a quantification methodology that is not consistent with other reporters.

Given the pervasive and ongoing challenges in disaggregating the financial impacts of each climate-related risk and opportunity, and our assessment that the resilience afforded by our business model and mitigation measures mean that any financial impact is unlikely to be material, management is not devoting resource to developing quantification methodologies. However, we remain committed to providing the best qualitative guidance on how physical and transition risks may have an impact on our financial performance and position.

We also continue to consider the potential requirement for any material financial impacts, such as asset write-downs, increased capital investment requirements, or liabilities for environmental remediation to be disclosed, and have concluded that there are no material climate-related financial impacts to be disclosed.

Task Force on Climate-related Financial Disclosures (TCFD) continued

Metrics and targets

During the year, we have reviewed the TCFD guidance on metrics and targets and defined a number of additional metrics and targets (highlighted in the table below) that are relevant to our business, using the cross-industry metric categories. We have added an emissions intensity reduction target to align with our validated science-based targets, and to recognise that as the business grows, we need to monitor emissions intensity, as well as absolute emissions, to provide a clearer picture of the impact of our emission reduction initiatives.

We have also for the first time performed a classification of our revenue, using the FTSE Russell Green revenues Classification System. This is a significant additional metric to help us monitor transition risks and opportunities as it demonstrates the extent to which we are positioned to take advantage of the transition to a low carbon economy and the limited reliance on non-green revenue generating activities.

Most of the metrics are existing KPIs and further information on our performance in the year is provided in the 'Operating sustainably' section of the report. We will look to develop additional metrics and targets that are more closely aligned to the climate-related risks and opportunities we have identified over the next two to three years.

Metric category	Metric	Calendar year 2022	Calendar year 2023	Target
GHG emissions	Scope 1 and 2 emissions – market-based (tCO ₂ e)	10,751	10,486	Net zero by 2030 (with a 43% reduction compared to 2021 baseline)
	Scope 1 and 2 emissions intensity (tCO ₂ e per £100K revenue) ¹	0.82	0.69	0.60 tCO ₂ e by 2030 (43% reduction compared to 2021 baseline)
	Scope 3 emissions – verified (tCO ₂ e) ²	8,545	7,128	Net zero by 2045
	Full Scope 3 emissions (tCO ₂ e) ³	477,000	Not reported ⁴	43% reduction by 2030 compared to 2021 baseline Net zero by 2045
	% of company car fleet that is EV or PHEV	79%	93%	100% by 2027
	% of purchased electricity on renewable tariffs	84%	86%	100% by 2025
	Waste intensity	Tonnes of waste per £100k revenue	21.8	17.7
Transition risks and opportunities	CDP Climate Change score	C	B	A
	Green revenue as a % of total revenue ⁵	Not calculated	59%	>50%
Remuneration	% of Executive bonus linked to emissions reduction ⁶	3%	3%	3%
Internal carbon price	Price per tCO ₂ e (£)		We do not currently use internal carbon charging	Introduce internal carbon charging by 2030

Notes:

- 1 Emissions relating to the Rock & Alluvium business, which was sold in November 2023, have been excluded from 2023 emissions. 2022 emissions have been restated to exclude emissions for Rock & Alluvium.
- 2 Scope 3 verified emissions are those emissions that have been calculated and included in the scope of the external verification.
- 3 Scope 3 estimated emissions are those emissions that have been estimated, but not externally verified.
- 4 See Remuneration Committee section on page 104 for details of Executive bonus performance criteria.
- 5 Green revenue as a % of total revenue has been calculated through a self-assessment using the FTSE Russell Green Revenues Classification System. The target of 50% is aligned to the eligibility criteria to apply for the London Stock Exchange Green Economy Mark.
- 6 We are focusing on developing a quantity-based approach to estimating Scope 3 emissions and have therefore ceased reporting of estimated full Scope 3 emissions using the spend-based methodology. See page 33 for further details.

Transition Plan

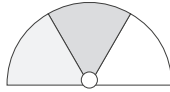
We have reviewed the disclosure framework and sector specific guidance published by the Transition Plan Taskforce (TPT) and will work towards integrating the TPT disclosure framework guidance as we develop and publish our Transition Plan.

Risks

Fail to develop a competitive low carbon construction capability

Time horizon

Medium term



Potential impact on financial performance

➔ Decreased revenues

Link to our principal risks

① Work winning

Scenario analysis

Sustainability

Middle of the road

Fossil-fuelled development

Level of risk



The risk is greatest under the 'Sustainability' scenario, as client expectations in relation to low carbon construction will evolve more quickly and across more sectors, driven by increased regulation and changing stakeholder sentiment. Under the other two scenarios, this risk is much reduced as the regulatory and market drivers will not be focusing on low carbon construction.

Risk description and potential impact on the business

Our clients, in both the public and commercial sectors, are increasingly required to operate low carbon buildings and infrastructure. They expect us to have the capability to model embedded and operational carbon, use lower carbon materials and extend the life of their existing assets through retrofitting.

Planning policies and building regulations may also move towards ensuring that embedded and/or operational carbon targets are incorporated into the design and construction of buildings and infrastructure.




If, together with our supply chain, we fail to develop these capabilities quickly enough, we may not remain competitive and may not be able to win positions on key frameworks, which may result in reduced levels of revenue and profits.

Risk mitigation

We have committed to achieving net zero across our own operations by 2030 and across all value chain operations by 2045. To do this, we have developed our net zero routemap and are taking multiple actions to achieve our carbon reduction targets including:

- ➔ Working closely with our clients to understand their carbon reduction ambition and targets, and developing solutions to meet those objectives.
- ➔ Investment in key low carbon construction roles.
- ➔ Carbon literacy training for all staff.
- ➔ Supply chain engagement and upskilling.
- ➔ Development of carbon reduction management process.
- ➔ Use of carbon calculators to model embodied and operational carbon.
- ➔ Development of systems and applications to improve carbon data and reporting.

Level of risk

-  High - Has the potential to have a material financial impact
-  Moderate - May have some financial impact, but unlikely to be material
-  Low - Unlikely to have a significant financial impact

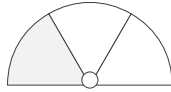
Task Force on Climate-related Financial Disclosures (TCFD) continued

Risks

Increased frequency of extreme weather events

Time horizon

Short term



Potential impact on financial performance

➔ Increased direct costs

Link to our principal risks

- ➔ Project delivery
- ➔ Resources

Scenario analysis

Sustainability

Middle of the road

Fossil-fuelled development

Level of risk



In all scenarios, the UK will experience milder, wetter winters and hotter, drier summers. More regular extreme weather events such as heatwaves, droughts, flooding and storms are virtually certain in all scenarios, and become more frequent and more extreme as estimated global warming increases.

Risk description and potential impact on the business

A significant amount of construction activity happens outside and therefore is exposed to the weather. The Met Office UK Climate Projections (UKCP August 2022) predict warmer, wetter winters and hotter, drier summers, along with an increase in the frequency and intensity of extreme weather events including heatwaves, storms, intense rainfall and flooding. Such events could lead to disruption to our construction activities in a number of ways:

- ➔ Prolonged, extreme temperatures, such as in heatwave conditions, may require modifications to working practices to maintain worker welfare which may increase costs and reduce productivity.
- ➔ Intense storm events, including intense rainfall and high winds may cause damage to works under construction and curtail certain activities, such as crane lifts or earthworks, which could result in project delays and additional costs.
- ➔ High winds may increase safety risks for operatives and members of the public for example through tower crane or scaffold collapses or other structures and objects becoming unsecured.
- ➔ Damage to transport and utilities infrastructure caused by severe weather may make it more difficult for staff and deliveries to get to sites.
- ➔ Extreme drought conditions could result in restrictions on water usage which may make it impossible to maintain site welfare or restrict certain activities, such as concrete pouring and dust suppression.
- ➔ Extreme weather events in other parts of the world could lead to supply chain disruption (unavailability, longer lead times and increased costs).

As extreme weather events become more frequent, we may also see clients look to transfer risk. Traditional contractual protections, including force majeure clauses and definitions of what constitutes 'exceptional' weather, may be reviewed and challenged.

An increase in the frequency of material damage claims may lead to higher insurance costs.

Changes in temperature extremes can also have an impact on the resilience of building materials and therefore determine the materials we are able to use and could lead to a greater number of latent defect claims. Similarly, changes in climate may influence the heating and cooling systems that we specify which may increase the costs of the buildings and infrastructure we build.

Risk mitigation

As was demonstrated during the pandemic, we are experienced in developing and amending site operating procedures in response to specific health and safety risks. Examples of adaptations we could make include:

- ➔ Increased provision of welfare facilities, including access to shade, water and sunscreen.
- ➔ Flexible working patterns to limit work in the hottest part of the day.
- ➔ Increased use of off-site and other MMC to shorten programmes and reduce the number of people on site.

Similarly, we are experienced in managing the impact of unexpected events on construction programmes and have a number of operational and contractual mechanisms to mitigate the risks, including:

- ➔ Resequencing of activities.
- ➔ Staggering of shifts to extend the working day.
- ➔ Securing extensions of time.
- ➔ Insurance cover for damage to property.

We continually assess new weather norms and ensure that adequate risk provisions are included in our tenders.

We remain vigilant to unreasonable risk transfer in contracts and ensure that the terms we accept in our client contracts are reflected in our downstream contracts.

Level of risk

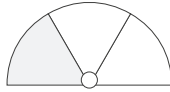
- High - Has the potential to have a material financial impact
- Moderate - May have some financial impact, but unlikely to be material
- Low - Unlikely to have a significant financial impact

Risks

Increased material costs make projects unaffordable

Time horizon

Short term



Potential impact on financial performance

- ➔ Decreased revenues due to reduced demand for products and services

Link to our principal risks

- ① Work winning
- ③ Resources

Scenario analysis

Sustainability

Middle of the road

Fossil-fuelled development

Level of risk



The risk is highest under the 'Sustainability' scenario as there will be the greater urgency to transition to low carbon energy and materials, exacerbating the supply and demand imbalances. The extension of carbon pricing and other regulatory pricing incentives to reduce carbon emissions is also more likely under the Sustainability scenario.

Risk description and potential impact on the business

There are a number of climate-related drivers that may result in sustained increases in materials costs in the construction sector. This is driven through a combination of the market dynamics of supply and demand imbalances, as well as Government policy to incentivise carbon reduction. Our bidding disciplines and contractual protections largely insulate us from the direct impact of cost increases. However, the indirect consequence of rising construction costs could mean potential projects becoming unaffordable for our clients, leading to a reduction in opportunities or delays in project starts due to clients' budget constraints.

Manufacturers are developing innovative, lower-carbon materials all the time and this is vital if we are to reduce the embodied carbon of the buildings and infrastructure we construct. However, as new products come on to the market and establish credibility, demand for these materials could grow more quickly than the production capacity, resulting in higher material costs.

In the short to medium term, the supply and demand imbalances in global energy markets are likely to be sustained as countries manage the twin challenge of decarbonising electricity generation and increasing security of supply. Energy prices will continue to have a significant impact on the cost of materials that have energy intensive manufacturing processes, such as steel, concrete, and glass.

In addition to the market imbalances, regulatory moves to use carbon pricing to incentivise carbon reduction may add further upwards pressure on the price of carbon-intensive materials. The introduction of the UK Carbon Border Adjustment Mechanism (CBAM) from 2027 may increase the cost of importing carbon-intensive construction materials such as steel. It is also possible that the UK-Energy Trading Scheme is extended to other sectors considered to be carbon intensive, including construction.

Risk mitigation

- ➔ Maintain bidding and contracting discipline to protect ourselves from short-term cost inflation and maximise cost recovery.
- ➔ Use of BIM and carbon calculators to optimise designs and reduce the amount of carbon-intensive materials.
- ➔ Increase the adoption of off-site manufacture and other MMC to reduce costs through minimising waste and shortening construction programmes.
- ➔ Work with clients to support design solutions that minimise the material requirements eg transitioning from new build to retro-fitting and refurbishment.

Level of risk

- High - Has the potential to have a material financial impact
- Moderate - May have some financial impact, but unlikely to be material
- Low - Unlikely to have a significant financial impact

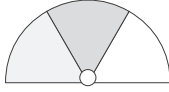
Task Force on Climate-related Financial Disclosures (TCFD) continued

Risks

Failure to manage the adoption of new low carbon materials and technology

Time horizon

Medium term



Potential impact on financial performance

➔ Increased direct costs

Link to our principal risks

- ➔ Project delivery
- ➔ Resources

Scenario analysis

Sustainability

Middle of the road

Fossil-fuelled development

Level of risk



The risk is highest under the 'Sustainability' scenario as there will be the greater urgency to deploy new technology, driven by regulatory requirements and market expectations.

Risk description and potential impact on the business

As the focus on embodied carbon increases, we expect to increasingly be required to use lower carbon alternatives for construction materials, especially carbon-intensive materials such as steel, concrete and glass. There is a risk associated with the adoption of new materials and using manufacturers and suppliers we have no experience of working with previously. Without effective product and design evaluation and robust quality assurance procedures, there is a risk of increased defects, which in turn could result in the professional indemnity insurance market responding through further increases in premiums or restrictions/limitations in cover.

Similarly, to achieve our scope 1 and 2 net zero by 2030 target, we will have to significantly reduce (if not eliminate) our use of diesel-powered plant and equipment. The non-diesel alternatives, such as Hydrotreated Vegetable Oil, electric and hydrogen, may not be available in the volumes we require, at an equivalent cost, or deliver sufficient safety and/or operational performance.

Risk mitigation

Response includes:

- ➔ Development and implementation of digital tools to drive quality such as FieldView, BIM and Dalux.
- ➔ Investment in employee training including enhanced Project Management Development Framework (PMDf) modules.
- ➔ Using our Technical and Quality, Research and Development and Supply Chain teams to evaluate new materials, plant and equipment and other new technology and support their adoption across the business.
- ➔ Quality alerts to share learning and information where potential issues with particular products have been identified.
- ➔ Engaging collaboratively with the supply chain to identify and switch to lower carbon materials and solutions. (See the Supply Chain section on page 44–45 for examples).

Level of risk

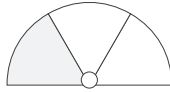
- High - Has the potential to have a material financial impact
- Moderate - May have some financial impact, but unlikely to be material
- Low - Unlikely to have a significant financial impact

Opportunities

Increased demand for low carbon buildings and infrastructure

Time horizon

Short term



Potential impact on financial performance

➔ Increased revenues resulting from increased demand for our products and services

Link to our principal risks

❗ Work winning

Scenario analysis

Sustainability

Middle of the road

Fossil-fuelled development

Level of opportunity



The opportunity is greatest under the 'Sustainability' scenario, as client requirements and expectations in relation to low carbon buildings and infrastructure will evolve more quickly and across more sectors, driven by increased regulation and changing stakeholder sentiment. Conversely, in the 'Fossil-fuelled development' scenario, the regulatory and market forces will be weakest and will not drive investment in low carbon construction.

Opportunity description and potential impact on the business

Opportunity realisation

In order to decarbonise the built environment in the UK, and meet emerging energy efficiency standards, there is a need for our clients to ensure that existing assets are either replaced with new, more energy-efficient assets, or increasingly, ensure that they are modified to extend their life and improve their energy efficiency. Demand for both new build and retrofit of existing assets with low embodied and operational carbon performance is likely to create a pipeline of opportunities, particularly in sectors where we already have a strong presence such as education and health.

The actions we are taking to realise the opportunities are similar to the actions we are taking to mitigate the risk of failing to develop our low carbon construction capability, ie:

- ➔ Working closely with our clients to understand their carbon reduction ambition and targets and developing solutions to meet those objectives.
- ➔ Investment in key carbon reduction roles.
- ➔ Use of carbon calculators to model embodied and operational carbon.
- ➔ Developed our Carbon and Energy Property Pathway Assessment (CEPPA) tool to assess the energy efficiency of existing buildings and model the impact of investment in improvements such as upgraded insulation, lighting or renewable energy.
- ➔ Develop capability to design and deliver more energy efficient wastewater treatment processes.

Level of risk

- High - Has the potential to have a material financial impact
- Moderate - May have some financial impact, but unlikely to be material
- Low - Unlikely to have a significant financial impact

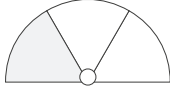
Task Force on Climate-related Financial Disclosures (TCFD) continued

Opportunities

Climate resilience and adaption

Time horizon

Short term



Potential impact on financial performance

➔ Increased revenues resulting from increased demand for our products and services

Link to our principal risks

① Work winning

Scenario analysis

Sustainability

Middle of the road

Fossil-fuelled development

Level of opportunity



There is likely to be high demand for the construction of climate-resilient infrastructure in all scenarios. There is already a significant demand within the water sector, driven by political and public sentiment, and this will only increase as the physical impacts of climate changes become more severe.

Opportunity description and potential impact on the business

As we experience more regular and more extreme weather events, such as prolonged heatwaves and intense rainfall events, there will be a need to make our public infrastructure more resilient to the changing climate. This is already a significant issue for the water sector where the capacity of the existing sewerage and wastewater treatment infrastructure is struggling to keep pace with the increasing demands placed on it by more regular, intense rainfall events, greater run-off from a more built up environment and population growth. As a result, there is strong public and political support for significant investment to improve the resilience of our water infrastructure, with a particular focus on increasing wastewater storage and treatment capacity and reducing combined sewer overflow discharges. There will also be the need to increase the resilience of water supplies to deal with increased demand and periods of drought, with associated investment in water storage, transfer and treatment infrastructure.

Opportunity realisation

We are already extremely well-positioned in the water sector, working with all the water and sewerage companies in England and Scotland. The actions we are taking to realise the opportunities include:

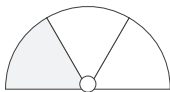
- ➔ Strategic acquisitions in adjacent markets, such as nmcn, MCS Control Systems, Ham Baker and AVRS, to broaden our capability and drive margins.
- ➔ Growing capacity and capability in our Environment business through targeted recruitment and national presence.
- ➔ Working with our supply chain to develop new solutions to address climate resilience issues, such as remote monitoring of river quality.

Opportunities

More efficient use of resources

Time horizon

Short term



Potential impact on financial performance

➔ Reduced operating costs

Link to our principal risks

② Project delivery
③ Resources

Scenario analysis

Sustainability

Middle of the road

Fossil-fuelled development

Level of opportunity



The incentives to reduce our consumption of fossil fuels, energy and other resources are likely to be much higher under the 'Sustainability' scenario, with higher energy prices and potential regulatory costs associated with carbon emissions. Therefore the potential cost savings from more efficient use of resources will be greater under this scenario than under alternative scenarios where the regulatory and market drivers will not be as strong.

Opportunity description and potential impact on the business

The drive to reduce carbon in our own operations also creates an opportunity to realise the commercial benefits of greater resource efficiency, for example through reduced levels of business travel, lower energy and water consumption, and minimising waste.

Opportunity realisation

We are already taking actions to achieve cost savings through more efficient use of resources, with examples including:

- ➔ Transitioning our company car fleet to electric and plug in hybrid only.
- ➔ Using the most energy efficient welfare and office accommodation cabins available.
- ➔ Developing baselines and targets for water consumption on our projects.
- ➔ Combining battery storage with the latest generation of diesel generators to minimise diesel consumption.

Level of risk

- High - Has the potential to have a material financial impact
- Moderate - May have some financial impact, but unlikely to be material
- Low - Unlikely to have a significant financial impact

Viability Statement

As required by provision 31 of the UK Corporate Governance Code, the Board has assessed the prospects and financial viability of the Group, taking account of the Group's current position and the potential impact of the principal risks to the Group's ability to deliver its business plan. The assessment of prospects has been made using a period of five years. The assessment of viability has been made using a period of three years, which aligns with our budget period and provides reasonable visibility of future revenue from the existing order book. Since the sale of the housebuilding businesses and the recapitalisation of the business in January 2020, the Group no longer has any bank debt facilities and associated covenants, therefore viability has been assessed in terms of the headroom against available cash reserves.

Assessment of prospects

As outlined in our Strategic Report, the long-term prospects of the business are supported by a strategy which builds on our existing strengths and the growth opportunities in our target markets. It is worth noting that the UK continues to have one of the lowest levels of Government investment of the G7 nations and with an ageing infrastructure footprint and it is with this context that the budget was prepared. The budget also recognised that the new UK Labour Government has expressed its intent to increase investment, which provides further support to the growth assumptions in our modelling.

Our alignment to the UK's continued investment in social and economic infrastructure is a fundamental driver of demand for our services and plays to our strengths in the health, education, defence, custodial, highways and environment markets. Our ability to achieve sustainable growth within these markets is underpinned by our position on some of the most significant procurement frameworks, our commitment to supporting the decarbonisation of the built environment and our investment in digital technologies to drive continuous improvement in quality and productivity and therefore higher margins.

Our people remain the key to our success and our focus on attracting and retaining a more diverse workforce as well as increasing the proportion of apprentices and graduates help us access the skills and expertise required to deliver on our sustainable growth strategy.

Assessment of Viability

The base case for the cash flow projections modelled in our assessment of viability is the budget for the three years from 1 July 2024 which incorporates appropriate contingencies against plausible day to day downside risks, primarily the Group's principal risks as disclosed previously. The base case shows strong levels of average month end net cash and assumes that the Group continues to operate without bank debt facilities.

Against this base case, we have stress-tested the latest forecasts and modelled the impact on cash flow and liquidity of a number of downside scenarios related to our principal risks, particularly following the ongoing pressures on public spending including a combined downside scenario that includes a number of these sensitivities occurring together. The scenarios modelled and their link to the underlying principal risks are described in the table below.

Scenario 1 – Reduction in construction volumes (Link to principal risks: Work winning)

Our cash performance is correlated with earnings growth and therefore reliant on construction activity being in line with our assumptions.

We have modelled a reduction in construction volumes that would equate to a 10% reduction in monthly cash receipts offset by a proportionate reduction in payments, relative to our base case forecast.

Scenario 2 – Deterioration in working capital (Link to principal risks: Resources)

We have modelled the impact of a deterioration in our working capital, which could be caused by delays in receiving payments from clients and/or earlier payments to our supply chain.

Scenario 3 – Irrecoverable cost increases (Link to principal risks: Project Delivery, Resources)

There is a risk of a prolonged period of materials cost inflation and therefore we have modelled the impact of failing to fully mitigate these cost increases on our projects.

Scenario 4 – 'Perfect storm' (Link to principal risks: Work winning, Resources, Project Delivery)

We also tested the unlikely but plausible scenario where all of scenarios 1–3 combine at the same time.

As part of the viability assessment, the Board also considered the mitigations and interventions available to manage the impact of one or more of the downside scenarios occurring. The base case already includes contingencies, and the Board has considered further mitigating actions that are available to it.

The directors do not expect the emerging climate change risks to have a significant impact in the short and medium term, particularly given the nature of the contractual arrangements in place, although continue to monitor this, as the Group adapts to the changing environmental requirements and demands to deliver innovative solutions through new technologies and methods of construction.

Based on the results of this analysis, the Board has concluded that they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the three-year period of its assessment.

Stakeholder engagement

s172(1) statement

Under Section 172 of the UK Companies Act 2006, directors must act in the way that they consider, in good faith, would be most likely to promote the success of their company. In doing so, our directors must have regard to stakeholders and the other matters set out in Section 172.

Managing and addressing our stakeholders' interests is crucial to the long-term success of our business. Therefore, the Group's purpose (page three) and strategy (page 14), put stakeholders at their core. They cover the interests of employees, clients, suppliers, customers, communities, the environment and shareholders. This section covers our compliance with Section 172.

S172(1) (a) The likely consequences of any decision in the long term

The Board recognises that the decisions it makes now will have an impact on the long-term success of the Group. The updates to the strategy were made by the Board on the basis that the Group was on track to achieve its targets earlier than anticipated and so the Board reviewed and updated those targets in line with further growth potential and risk appetite. They took into account the current market landscape including macroeconomic factors (see Market review) as well as the Group's resources and relationships. The strategy is intended to increase value for all key stakeholders in line with their interests.

S172(1) (b) the interests of the company's employees

The Group's strategy recognises that employees are core to the business model and its success depends on the ability to retain, develop and attract the talent required to resource its plans. The Board seeks to ensure that the workforce is first and foremost provided with a safe environment in which to work, that its Code of Conduct is adhered to and that fair rewards and benefits are awarded. These form part of our Employee Value Proposition Grow Together described on page 28.

S172(1) (c) the need to foster the company's business relationships with suppliers, customers and others

See Stakeholder engagement below.

S172(1) (d) the impact of the company's operations on the community and the environment

See Stakeholder engagement below.

S172(1) (e) the desirability of the company maintaining a reputation for high standards of business conduct

We are committed to upholding high standards of business conduct and our duty to behave responsibly, both morally and legally, is outlined in our Code of Conduct – Doing the right thing. This signposts our principles and policies, which are periodically reviewed by the Chief Executive. The Board monitors ethics and compliance with governance standards, reviewing for example items such as the Gender Pay report and Modern Slavery Statement.

S172(1) (f) the need to act fairly as between members of the company

The Board seeks to act in a way that meets its stakeholders' interests but recognises that those interests may not always be in alignment across different members. It balances those views to ensure the course of action taken best enables the delivery of the strategy and its long-term ambitions.

Stakeholder engagement

Board level stakeholder engagement takes place through a variety of channels, both through direct and indirect interactions. The type of engagement is driven by the needs of each stakeholder group to ensure they are communicated in a way that is both effective and practical. Details of how we engaged with key stakeholders, their interests and how these influenced Board decisions during the year are set out on the next pages.

In May 2023, the Board established an ESG Committee, merging the activities of the Stakeholder Steering Committee and Carbon Reduction and Social Value Forum. The ESG Committee is chaired by the CFO and reports directly to the Board. Its purpose is to review and oversee relationships with the business's key stakeholders, including engaging with stakeholders, collating stakeholder views and reporting these views to the Board to ensure stakeholder views are considered in Board discussions and decisions.

The information obtained in the meetings complements regular updates and presentations to the Board which provide in-depth updates on key interests of our stakeholders such as health and safety, human resources matters, sustainability and client and supplier priorities. These are complemented by site visits which enable directors to gain a first-hand insight into our culture, and meeting with investors and shareholders through platforms such as the AGM.

Our people

We are reliant on our people to achieve our purpose.

Key business and sustainability stakeholder interests identified in our Stakeholder Materiality Matrix

- ➔ Health, safety and wellbeing.
- ➔ Purpose and culture.
- ➔ Inclusion.
- ➔ Investment in learning and development.
- ➔ Career progression.
- ➔ Rewards and benefits.

Direct Board engagement

- ➔ Designated Non-executive Director responsible for ongoing workforce engagement.
- ➔ The Board-level Employee Forum met twice to discuss matters important to employees.
- ➔ The designated Non-executive Director responsible for workforce engagement additionally met with the Group's senior HR team including the HR director in June 2024 to share insights into people matters, strategic priorities and progress.
- ➔ The Board carried out visits to two sites to monitor in person our culture in action.
- ➔ The Board received presentations from our businesses including updates on our Employee Value Proposition Grow Together from our HR Director.
- ➔ The Chief Executive and Finance Director periodically took part in delivering inductions to new starters which outline our purpose, strategy, values, business processes and give attendees the opportunity to ask their questions.
- ➔ The Chief Executive and Finance Director periodically introduced our Challenging Beliefs, Affecting Behaviour safety module to staff.
- ➔ The Chief Executive regularly communicates directly with employees through open dialogue, visits to our sites and offices, videos, employee roadshows, emails and videos to all staff.

Indirect Board engagement

- ➔ The Group conducted a further Employee Survey this year, where 79% of staff provided their views on matters affecting their satisfaction in the workplace.
- ➔ The Board typically receives at least 10 reports a year featuring key employee statistics and trends, including risks and opportunities where relevant, relating to health, safety and wellbeing and employee matters.

Outcomes

- ➔ 0.14 Lost Time Frequency Rate and 0.04 Accident Frequency Rate.
- ➔ 96% of our people believe we give Health & Safety a high priority.
- ➔ 87% employee advocacy score.
- ➔ Retained strong positions Top Graduate/Apprentice status from TheJobCrowd.



Stakeholder engagement continued

Clients

Satisfied clients are essential for a sustainable and profitable business.

Key business and sustainability stakeholder interests identified in our Stakeholder Materiality Matrix

- Financial stability and ability to deliver.
- Safety, time, cost and quality.
- Carbon and sustainability objectives.
- Creating greater social value.

Direct engagement

- The Chief Executive and Finance Director met with key clients during the year and attended industry events.

Indirect engagement

- The Finance Director chaired the ESG Committee three times during the year which includes representation from our lead for the client group.
- The Board received presentations on our market position and opportunity from the areas of focus in our strategy to 2030 – ie our leads for Affordable Homes, Building, Environment and Specialist Services.
- The Board reviewed information relating to acquisitions that will extend our offering in areas such as offsite build and asset optimisation which are sought after by our clients.
- The Board continued to monitor KPIs and progress through Board reports.

Outcomes

- Purchased AVRS during the year.
- Sold Rock & Alluvium.
- 86% of our order book is in frameworks.
- 93% is repeat business.



Suppliers

The majority of our work is delivered in partnership with our supply chain so they must be aligned to our values and objectives.

Key business and sustainability stakeholder interests identified in our Stakeholder Materiality Matrix

- Health, safety and wellbeing.
- Fair treatment and prompt payment.
- Pipeline of work.
- Collaborative relationships.
- Access to training, educational resources and learning opportunities.

Direct engagement

- The Chief Executive meets with members of the supply chain during visits to sites.

Indirect engagement

- The Finance Director chaired the ESG Committee three times during the year which includes representation from our Group Supply Chain and Procurement Director, who is additionally a Board member of the Supply Chain Sustainability School, a leading platform dedicated to promoting sustainable practices within supply chains.
- The Group Supply Chain and Procurement Director provides regular updates to the Chief Executive on supply chain matters. Supply chain risks and opportunities are also a key theme of the fortnightly Senior Leadership Team meeting chaired by the Chief Executive.
- The Board continued to monitor KPIs and progress through Board reports.

Outcomes

- Appointed new Group Supply Chain and Procurement Director.
- 61% of Business Unit core trades spend with Aligned subcontractors.
- 96% of invoices paid within 60 days.
- Gold member of Supply Chain Sustainability School.

Communities

We want to be welcomed in the communities we operate in and create greater social value for them.

Key business and sustainability stakeholder interests identified in our Stakeholder Materiality Matrix

- ➔ Health, safety and environment.
- ➔ High-quality buildings and infrastructure.
- ➔ Use of local labour, resources and employment, educational opportunities and wider investment in the community.

Direct engagement

- ➔ The Chief Executive gave a presentation to a local school on the opportunities in construction.

Indirect engagement

- ➔ The Finance Director chaired the ESG Committee three times during the year which includes representation from our Head of Social Value.
- ➔ The Sustainability Director reports to the CFO and provides regular updates which include horizon scanning, positional updates and progress and future requirements.
- ➔ The Board continues to support and encourage the volunteering policy which offers two days per year per person.
- ➔ The Board continued to monitor KPIs and progress through Board reports.

Outcomes

- ➔ 42.9 average CCS score.
- ➔ 79% of projects exceeded our target of delivering a minimum of 25% of the contract value in social and local economic value.
- ➔ The Board approved the continued support of Crash, the construction industry charity for the homeless.
- ➔ The Board approved sponsorship of Forces sailing charity, Turn to Starboard, which supports veterans who have been affected by life in service.

Shareholders

We want our shareholders to have confidence in the long-term success of our business.

Key business and sustainability stakeholder interests identified in our Stakeholder Materiality Matrix

- ➔ A sustainable business model and strategy.
- ➔ Financial performance and dividend policy.
- ➔ Corporate governance.
- ➔ Risks to the business.

Direct engagement

- ➔ The Chair, Chief Executive and Finance Director hosted a Capital Markets Event in which analysts and investors were invited to hear first-hand our strategy update from Senior Leadership.
- ➔ The Chief Executive and CFO engage with shareholders through investor roadshows, face-to-face meetings, video or telephone communications, Capital Markets Days, results presentations and webcasts, analyst briefings and AGMs.

Indirect engagement

- ➔ The Chief Executive and CFO provide regular updates to the Board from their meetings and interactions with shareholders.
- ➔ We issue important information about our business through our Annual Report, trading updates, Regulatory News Service announcements, investor presentations, our website, press coverage and social media channels.

Outcomes

- ➔ 15.5p full year dividend per share.



Stakeholder engagement continued



Board decision-making in action

Approval of the Sustainable Growth Strategy to 2030

Overview

In May 2024, Galliford Try announced its Sustainable Growth Strategy to 2030.

When approving the strategy, the Board considered the following factors:

- The success of the Group's existing strategy in relation to the achievement of existing revenue, margin, cash and dividend targets.
- The Group's capabilities, geographic presence, resource levels and client and supply chain relationships required to deliver the targets of the updated strategy.
- The market risks and opportunities within each growth area.
- Investor expectations.

The following stakeholder interests were considered:

- Potential impact on existing employees and management in terms of time and resources required to grow the business, particularly in new areas.
- Scale of demand from our existing and new clients and their appetite for us to scale-up in the chosen markets.
- Potential impact on existing clients and whether time would need to be diverted from those operations.
- Investor opinions on the chosen markets.

Who did the Board engage with in making its decision?

The Board liaised directly with our leads from Building, Environment and Specialist Services. It consulted with the HR Director to ensure resource expectations were realistic. The Chief Executive and Finance Director met with each business unit managing director to take their input and set achievable but ambitious targets that would support the overall strategy.

Board decision-making in action

Acquiring AVRS Systems

Overview

In November 2023, Galliford Try acquired mechanical and electrical engineering specialists AVRS Systems, as part of its Sustainable Growth Strategy.

When deciding to make the acquisitions, the Board considered the following factors:

- The Group's Sustainable Growth Strategy and AVRS' fit with the strategy to grow in adjacent and complementary markets.
- The specific capabilities of AVRS including its assets, customer relationships and technical capabilities in relation to how complementary they were to Galliford Try's existing operations or whether it would create duplication.
- The revenue and profit of the businesses being acquired.
- The purchase price, transaction costs, contractual liabilities and commercial and legal terms.
- The position and reputation of the business and any potential investment needed.

The following stakeholder interests were considered:

- The anticipated management resource taken to lead integration of the business and the impact on the existing people within the business.
- Potential impact on existing clients and whether time would need to be diverted from those operations.
- The future of the employees within the acquired businesses.
- Our ability to successfully deliver for our new clients.
- Supply chain considerations.
- Potential shareholder returns.
- Broadening capabilities to serve clients and communities nationwide as a result of the acquisition.

Who did the Board engage with in making its decision?

The Board liaised with a cross-section of stakeholder groups including the Managing Director of the Environment business, the General Counsel & Company Secretary, the HR Director and external specialist advisors to consider all aspects of the transaction, including the interests of existing employees, clients and shareholders.

The Strategic report is approved by the Board of Directors and signed on behalf of the Board on 3 October 2024 by Kevin Corbett, General Counsel & Company Secretary.



Chair's review

Governance overview

Delivering sustainable success for all stakeholders

“Keeping stakeholders’ interests at the forefront of all decisions, along with the right strategy, risk management, culture and a disciplined approach, are fundamental to our strategic objectives to 2030.”

Alison Wood
Chair



On behalf of the Board, I am pleased to present the Company's corporate governance report for the financial year ended 30 June 2024.

At the heart of the successful execution of our strategy is strong governance and our corporate governance framework has ensured our Sustainable Growth Strategy, announced in September 2021, is fully embedded, provides a robust overview in which to monitor all key areas, and supports the delivery of our strategic purpose and objectives. Our strong financial performance over the last three years, and with revenue and profit before tax up 27.2% and 58.7% respectively for the financial year, has allowed the Board to accelerate its financial objectives and extend its targets to 2030.






The key Board activities carried out during the financial year are detailed in our Corporate Governance report and, among other activities, includes preparation for our Capital Markets Event held in May 2024, following the Annual Board Strategy Day; a review of our Board composition, including the appointment of two new directors, and a review of our senior leadership succession plans; site visits; presentations by analysts; overview of our Environmental, Health and Safety policies; employee engagement (primarily through our Employee Forum) and the methods by which we monitor our culture.

Strategic objectives reset to 2030

The Board considered the Group's priorities and progress towards its principal objectives in a strategic review at its annual strategy meeting on 17 April 2024. The strong financial performance, balance sheet, high quality order book, together with the outlook and visibility of long term opportunities, provided the confidence to revisit the current strategic objectives, resulting in an updating of our financial targets to 2030. The non-financial pillars of the strategy were also reviewed and the Board is satisfied the updated strategy continues to be appropriate, fit for purpose and aligns with the values and purpose of the Group.

➔ More information regarding our strategy can be found on pages 1 to 79.

Alignment with the 2018 UK Corporate Governance Code (the Code)

	Board leadership and company purpose	p90
	Division of responsibilities	p90
	Composition, succession and evaluation	p94
	Audit, risk and internal control	p94
	Remuneration	p94

Board changes and succession planning

Board changes

There have been a number of changes to the Board during the financial year, following the resignation of Terry Miller in October 2023 and Andrew Duxbury in May 2024. On behalf of the Board, I wish to thank both Terry and Andrew for their significant contributions and service to the Group. Terry served nine years on the Board, which included being the Senior Independent Director, Chair of the Remuneration Committee and Chair of the Employee Forum. Andrew Duxbury served as Finance Director for over five years, during which time he oversaw the disposal of the Group's housebuilding business in January 2020 and several strategic acquisitions which helped grow the Group. I, and the Board, wish both Terry and Andrew well in their next ventures.

Following Terry's resignation, Marisa Cassoni assumed the role of Senior Independent Director and Sally Boyle, who joined the Board on 1 May 2023, was appointed Chair of the Remuneration Committee.

We welcome Kevin Boyd, who joined the Board as a Non-executive Director on 1 March, and Kris Hampson, our new Chief Financial Officer, who joined the Board on 2 September 2024. Both have a strong financial background; Kevin also has extensive listed public company experience, which will further strengthen the Board's independence and provide added guidance in delivery of strategy. Kris joins from a FTSE 100 listed global business, having held several senior financial roles as well as extensive acquisition experience.

In line with the Code, all current directors will stand for re-appointment or re-election at the 2024 AGM. The directors' performance continues to be effective, and they clearly demonstrate their commitment to the role.

Director biographies, their respective responsibilities and their external directorships are set out from page 82.

Senior management succession planning

The Nomination Committee refreshed the succession plans during the financial year for the Board and senior management roles. Good progress has been made with refining our leadership programme to target development requirements and support individuals in their advancement within the Group.

UK Corporate Governance Code changes

We welcome the changes to the UK Corporate Governance Code in January 2024 and aim for early adoption. One of the key revisions in the Code focuses on internal controls. The Board evaluation process confirmed the Board's view that the Group's system of internal controls operated effectively during the financial year. The Board has tasked a working group to review and strengthen the processes already in place in time for when the Code requirements come into effect.

Equity, diversity and inclusion (EDI)

The Financial Conduct Authority's target is for at least 40% of Board members to be female, for a woman to hold at least one of the senior board positions and for at least one member of the Board to come from a minority ethnic background. With 50% of the Board being female, myself as Chair, Marisa Cassoni as the Senior Independent Director, and Sally Boyle, Non-executive Director, the Company exceeds two of these recommendations. Further disclosures are made on pages 82 to 83.

Gender and ethnic diversity in both senior management and the wider workforce remains a focus and the Board has overseen a number of EDI initiatives in recent years and continues to support this area to fully embed practices in the Company culture. Initiatives include a range of agile working and family-friendly policies to ensure our opportunities are as accessible as possible to all to retain and attract the best candidates. A new and dedicated inclusion team, introduced last year, is rolling out a range of EDI programmes to senior managers and across the business. In addition, we continue to partner with Clear Company, a global diversity and inclusion specialist, to evolve our progressive retention and recruitment practices while striving to achieve the Clear Company's Silver accreditation. Please see our People section on pages 28 to 30.

Carbon and climate change matters

The Board recognises that climate change and reducing our carbon footprint is imperative to the long-term sustainability of the business. We continue to prioritise investment in reducing our carbon footprint and enhancing our measurement and reporting. Progress in the financial year includes publishing our net zero routemap, collaborating with other contractors and our supply chain to develop transaction-based Scope 3 reporting technology, implementing a site emissions reporting tool, and trialling innovative low carbon concrete.


Board performance review

The Code requires the Board to undergo an annual review of its performance, composition, diversity and efficacy to achieve its objectives. This year, the Board review was carried out internally and concluded that positive progress has been made on the findings from 2023, that the Board continues to operate effectively, and works well together. Details of the Board review can be found on page 88–89.

Annual General Meeting

The Company will hold its 2024 AGM on 28 November 2024 at the offices of Peel Hunt LLP, 7th Floor, 100 Liverpool Street, London EC2M 2AT at 11.00 am where the Board will be pleased to welcome shareholders, answer questions and encourage shareholders' participation.

On behalf of the Board, we look forward to meeting with shareholders at the AGM.



Alison Wood
Chair

Directors and Executive Board

Our Board

Alison Wood

Chair



Board experience:



Appointment date: Alison joined the Board on 1 April 2022 and was appointed as Chair on 21 September 2022.

Skills and experience: Alison has a background in engineering, economics and management and extensive corporate experience with leading engineering companies. She spent nearly 20 years at BAE Systems PLC in a number of strategy and leadership roles, including as Group Strategic Director, and was the Global Director of Strategy and Corporate Development at National Grid PLC from 2008 to 2013. Alison has previously held Non-executive Director positions with BTG PLC, Thus Group PLC, e2v PLC, Cobham PLC, Costain plc and Capricorn Energy plc. Alison has also held positions previously as a Non-executive Director and Chair of the Remuneration Committee at the British Standards Institution.

External appointments: Alison is a Non-executive Director and Chair of the Remuneration Committee at TT Electronics PLC and is the Senior Independent Non-executive Director and Chair of the Remuneration Committee at Oxford Instruments PLC.

Bill Hocking

Chief Executive



Board experience:



Appointment date: Bill was appointed as Chief Executive on 3 January 2020.

Skills and experience: Bill is a civil engineer with more than 35 years of experience in the construction industry. He has full day-to-day responsibility for delivering the Group's strategy, having regard to the Group's responsibilities to its shareholders, customers, employees and other stakeholders.

Bill joined Galliford Try as Managing Director of Construction in September 2015. He was previously at Skanska UK plc, which he joined in 1990 and where he held the position of Executive Vice President on the Executive Management Team from 2008. From 1 August 2016 until his appointment as Chief Executive of Galliford Try, Bill was Chief Executive of the Group's Construction & Investments division.

Marisa Cassoni

Senior Independent Director



Board experience:



Appointment date: Marisa was appointed to the Board on 1 September 2018.

Skills and experience: Marisa is a chartered accountant with more than 40 years' experience as a finance professional. She has strong leadership and commercial experience gained through her various executive and non-executive roles. Her early career was initially in audit but she progressed into advisory services including corporate finance, investigations and restructuring across a variety of industries and jurisdictions. Marisa has over 20 years' experience as an Executive Board member and her previous executive roles include Group Finance Director of the John Lewis Partnership, Royal Mail Group, Britannic Assurance Group and Prudential UK Group. Marisa also has extensive experience in non-executive roles and was previously a Non-executive Director of Skipton Building Society, Ei Group plc, Severn Trent plc, WSP LLP and a Non-executive Director and the Senior Independent Director of AO World plc. In addition, Marisa was a Member of the Board of Trustees for the Peabody Trust, a member of the Accounting Standards Board for six years and the Competition Commission for six years.

Sally Boyle

Non-executive Director



Board experience:



Appointment date: Sally was appointed to the Board on 1 May 2022.

Skills and experience: Sally qualified as a solicitor at Simmons and Simmons. After several years in private practice as an employment law specialist, she joined Goldman Sachs International as an employment lawyer and she later became Head of Human Capital Management for EMEA. She was named Partner in 2010 and worked as the International Head of Human Capital Management, covering EMEA, India and APAC, until she retired from Goldman Sachs. Sally was on the Board of Goldman Sachs International and its Management Committee and co-chaired the EMEA Diversity and Inclusion Committee, whilst also sitting on the global Diversity Committee. Sally was also previously a Non-executive Director of the Royal Air Force.

External appointments: Sally is a Non-executive Director of Cambridge University Press and Assessment and a Non-executive Director at Evelyn Partners LLP.

Michael Topham

Non-executive Director



Board experience:



Appointment date: Michael was appointed to the Board on 1 June 2023.

Skills and experience: Michael is the Chief Executive Officer of UK waste management group Biffa. Michael has held the position of CEO since 2018, having previously served as Chief Financial Officer and in various divisional roles. Michael is a chartered accountant having trained with PwC where he held positions in both the audit and transaction services practices.

External appointments: Michael is the Chief Executive of Biffa and Chair of the waste industry's trade association, the Environmental Services Association.

Kevin Boyd

Non-executive Director



Board experience:



Appointment date: Kevin was appointed to the Board on 1 March 2024.

Skills and experience: Kevin has extensive listed public company experience and strong financial and strategic expertise, having previously worked as Chief Financial Officer of Spirax Group plc and in a variety of other financial roles. Kevin is also a Fellow of the Institute of Chartered Accountants and the Institute of Engineering and Technology.

External appointments: Kevin is the Chair and Non-executive Director of Genuit Group plc and Audit Chair and Non-executive Director of Bodycote plc.

Executive Board members

Kevin Corbett CEng MICE MIStructE
General Counsel & Company Secretary



Board experience:

Appointment date: Kevin joined the Executive Board on 1 February 2012 and was appointed General Counsel & Company Secretary on 1 March 2012.

Skills and experience: Kevin is a solicitor and chartered civil and structural engineer. He was previously Chief Counsel Global for AECOM. Kevin has significant corporate law, risk management, insurance, finance, governance, strategy and extensive UK and overseas experience. He chairs the Executive Risk Committee and has responsibility for the management of Legal, Secretariat, Communications and Property functions.

External appointments: Kevin is a Non-executive Director of the Construction Industry Council and the construction industry charity, CRASH.

Ian Jubb
Managing Director, Building



Board experience:

Appointment date: Ian was appointed to the Executive Board on 3 January 2020.

Skills and experience: Ian has nearly 40 years' experience in the industry, with the last 20 years including senior positions with Miller Construction and Taylor Woodrow. He joined the Group as Managing Director for the North and Scotland Building division on the acquisition of Miller Construction in July 2014, subsequently taking responsibility for all Building operations in May 2019.

Vikki Skene
HR Director



Board experience:

Appointment date: Vikki joined the Executive Board on 3 January 2020.

Skills and experience: Vikki is a senior HR leader, with more than 20 years' experience in both Construction and HR and was previously UK Employee Relations Director at Balfour Beatty, where she held a number of senior HR roles. She joined the Group in June 2016 as HR Director of the Construction & Investments division.

Mark Baxter
Managing Director, Specialist Services



Board experience:

Appointment date: Mark was appointed to the Executive Board on 3 January 2020.

Skills and experience: Mark has a wealth of industry and public private partnership (PPP) experience, gained through a number of senior roles spanning more than 20 years. He joined the Group in February 2014 from Miller Construction, taking on the responsibility for the Group's Investments division.

In March 2018, Mark additionally took on responsibility for the Facilities Management division and, in 2019, the specialist businesses Rock & Alluvium and Oak Specialist Services. In his career to date, he has held a number of senior roles including Director for all PPP activities at Miller Construction.

New plc Board member

Kris Hampson
Chief Financial Officer



Board experience:

Appointment date: Kris was appointed to the Board on 2 September 2024.

Skills and experience: Kris is a senior finance professional with significant experience in listed B2B environments and acquisitions, having held a number of finance roles with Rentokil Initial plc, a FTSE 50 global company, including that of Group Financial Controller since 2020, and prior to that more than seven years as Divisional Finance Director of the UK operations. Before joining Rentokil Initial plc, Kris spent eight years at Ford Motor company in a range of senior roles. Kris is a prize-winning chartered accountant and a member of the Institute of Chartered Accountants.

New Executive Board member

David Lowery
Managing Director, Infrastructure



Board experience:

Appointment date: David was appointed to the Executive Board on 1 July 2024.

Skills and experience: David is a chartered construction professional and has nearly 25 years' experience in the civil engineering and construction industry, operating throughout the UK and overseas during an extensive multi-sector career. David joined the Group and was appointed Managing Director of the Highways business in 2021, having previously worked as Executive Director of Eiffage in the UK and Director of the Eiffage Kier Ferroviaal joint venture on HSE. David assumed responsibility of the Infrastructure division on 1 July 2024.

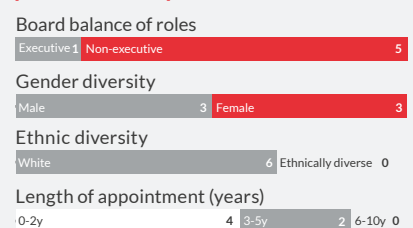
Board experience

- Business ethics and integrity
- Construction
- Commercial
- Finance
- Governance
- Human resources
- Strategy and risk

Board Committee membership

- Audit Committee
- Nomination Committee
- Remuneration Committee
- Executive Board
- Chair

plc Board composition¹



¹ As at 30 June 2024.

Governance review

Board activities during the financial year

The Board, supported by the General Counsel & Company Secretary, ensures that meetings are carefully structured to allow enough time for open discussion. The Board agenda is structured between standing agenda items, governance requirements and areas of operational and strategic focus. The Board regularly reviews and discusses the following topics:

- Reports on the environment, health and safety and sustainability.
- The financial performance of the businesses.
- Group strategy, progress against objectives and operational reviews.
- The performance of the Company's share price.
- Comments by market analysts, along with any shareholder feedback, to ensure that the Board has a full understanding of the views of major shareholders.
- Insights from the Employee Forum and the ESG Committee.














































In addition, the Board receives regular presentations from the businesses on operational matters, helping Board members to stay up to date with specific operational and sector-relevant issues. The Board also receives updates from advisers, as and when required. Board members are encouraged to undertake their own continuing professional development. The non-executive directors' roles on other Boards also help them to develop a broad range of skills and perspectives, from which the Group can benefit.

The information obtained in the meetings complements regular updates and presentations to the Board which provide in-depth updates on the key interests of our stakeholders, such as health and safety, human resource matters, sustainability and client and supplier priorities. These are complemented by regular site visits, which enable directors to gain a first-hand insight into our culture, and meeting with investors and shareholders through platforms such as the AGM.























Key areas of Board discussion during 2023/24






The Board held eight scheduled meetings during the financial year and also held ad hoc meetings in relation to succession and strategic matters. The Board's key activities and actions taken from the financial year are summarised in the table below.

		Stakeholders considered
Strategy and implementation	Acquisitions and Disposals	
	➤ Considered and approved the Group's acquisition of AVRS Systems Limited, a specialist design and build solutions business which brings highly complementary skills into the Group, accelerating the growth of the asset optimisation and capital maintenance strategy and strengthening the Sustainable Growth Strategy.	
	➤ Continued oversight of the integration of Ham Baker, MCS Control Systems and nmcn into the Environment business following their acquisition in November and July 2022 and July 2021 respectively.	
	➤ Approved the sale of the Group's non-core Rock and Alluvium business in November 2023.	
	➤ Received reports on other growth and M&A opportunities and market updates from the Group's financial advisers.	
	➤ Received regular reports from the Company's brokers and investor relations advisers.	
	Sustainability	
➤ Oversaw the Group's sustainability initiatives, including: ensuring that our strategy continues to align with the sustainability priorities of our key stakeholders, receiving updates from the ESG Committee, reviewing our climate-related risks and opportunities, and supporting disclosures, and approving our net zero map.		
➤ Received reports from the Chairs of the ESG and Ethics and Compliance Committees, and the Employee Forum.		

		Stakeholders considered
Culture, resources and people	Operational performance	
	➔ Received and discussed Health, Safety and Environmental (HS&E) reports at every meeting and received a presentation from the HS&E Director on the Group's HS&E performance in 2023/24.	
	➔ Received regular divisional business performance reports and business review presentations from the Group's principal divisions throughout the financial year.	
	➔ Visited projects at Dolphin Square, London, HMP Rye Hill, Rugby and the Grantham Southern Relief Road.	 
	➔ Reviewed Prompt Payment Code performance.	
	Succession planning	
	➔ Approved the appointment of Marisa Cassoni as Senior Independent Director.	 
	➔ Initiated and approved the appointment of Kevin Boyd and Kris Hampson as Non-executive Director and Chief Financial Officer respectively on the recommendation of the Nomination Committee.	 
	➔ Oversaw and approved the senior management succession plan.	 
	Employees	
	➔ Received updates from the Employee Forum Chair after each Forum meeting, including observations on the Group's culture.	
	➔ Received an update on the result of the 2023 employee survey.	
	➔ Approved publication of the Gender Pay Report.	 
	➔ Approved the 2024 Sharesave invitation.	
Governance	Compliance	
	➔ Received regular updates from the General Counsel & Company Secretary on governance and regulatory developments.	    
	➔ Reviewed the various Board Committees' terms of reference.	    
	➔ Considered the UK Audit and Governance Reforms by the Department for Business and Trade (formerly BEIS) and possible implications and changes required for the Group.	 
	➔ Monitored the implementation of a new internal management system.	 
	➔ Monitored measures to strengthen cyber security.	  
	Board evaluation	
	➔ Considered the output from the 2023 internally-facilitated Board evaluation process, identified areas for improvement and agreed actions to be taken.	 
	➔ Approved the internally-facilitated Board Performance Review 2024.	
	Stakeholder engagement	
	➔ Held the Capital Markets Event with shareholders and analysts to present the acceleration of strategy and revised financial objectives to 2030 – see page 86.	
	➔ Sought shareholder and institutional feedback at the half and full year results presentations and at the 2023 AGM.	
	➔ The Chief Executive, Finance Director, Chair and General Counsel & Company Secretary communicated and met with major shareholders.	
	➔ Held the 2023 AGM as a physical meeting in London. Shareholders were also invited to submit questions ahead of the meeting.	
➔ Received reports from the Chair following each Committee meeting and considered feedback from Committee members.	    	

Governance review continued

		Stakeholders considered
Financial oversight	Financial resources	
	→ Approved the 2024 budget.	
	→ Reviewed financial performance against half and full year forecasts and cash forecasts.	
	→ Declared a special dividend for 2022/23 of 12p per share, paid to shareholders in October 2023.	
	→ Declared a final dividend for 2022/23 and interim dividend for 2023/24 of 7.5p and of 4.0p per share, paid to shareholders in December 2023 and April 2024.	
	→ Approved the completion and winding-up of the share buyback programme.	
	Reporting	
	→ Reviewed and approved the Group's half and full year results, following advice from the Audit Committee.	
	→ Reviewed the trading statements issued in July 2023 and January 2024.	
	→ Reviewed and approved the 2024 Annual Report.	
	Risk	
	→ Received regular reports from the Director of Risk and Internal Audit on the status of the internal audit programme.	   
	→ Received and considered reports on the Group's risk management approach and reviewed proposed updates to the Group's risk register.	   
	→ Received reports from the Executive Risk Committee following each Committee meeting.	    
	→ Received reports from the Director of Risk and Internal Audit on the Group's principal and emerging risks.	    
→ Considered the Group's insurance programme.	  	

Key to stakeholders:  Clients  Shareholders  People  Suppliers  Communities

Capital Markets Event

The Board held a Capital Markets Event to provide a detailed update to investors and analysts on the extension of financial targets to 2030 and revisions to strategy. It was agreed the Capital Markets Event would be similar to the structure of the successful Business Briefing to investors held in 2022, consisting of a face-to-face meeting, in a central London location for ease of accessibility, with presentations from management on key sectors of the business. This format provided investors and analysts the opportunity to hear first-hand of the revised strategy, directly ask management questions on key topics and meet members of the Executive and senior leadership team. More than 20 investors and analysts attended the event. A video of the presentation and questions and answer session is available on the investors section of our website at www.gallifordtry.co.uk/investors/.

The Chief Executive and Finance Director continued to meet with existing and prospective institutional shareholders throughout the financial year. Ninety-two meetings were held with both shareholders and non-holders. Meetings were held with 22 shareholders, who together represented 49% of the share register, as well as meetings with 25 potential investors. In addition, the management team attended three investor conferences in the financial year. Key areas of discussion included the Company's strategy and targets, dividend policy, capital allocation, future pipeline and ESG factors, as well as macro-economic factors such as inflation.

Management has also continued to focus on building strong investor relationships, engaging with a third-party specialist advisory business to schedule roadshows and provide further research coverage, while Proactive Investors and InvestorMeetCompany continue to create digital content following news updates, focusing on retail investors.

Throughout the financial year, the Board as a whole continued to consider the views of institutional shareholders, in line with the Financial Reporting Council's UK Stewardship Code, on key matters of relevance to the Group and its operations, such as governance, strategy, remuneration or more general market themes. Specific reports regarding shareholder views are provided to the Board for analysis and discussion. Separately, the Chair, Senior Independent Director and other non-executive directors are available to attend meetings with shareholders and address any significant concerns that shareholders may have.

A further opportunity to meet shareholders, answer their questions and encourage participation will be at the 2024 AGM – details of which can be found on page 81.

Monitoring our culture

The Board recognises the importance of closely monitoring and assessing its culture, acknowledges that this is a continuous process and is aware of the strengthening of the Code in this area to ensure desired cultures become embedded. The Board uses a range of methods to engage with employees to develop a positive and progressive culture and ensure that its policies, practices and desired behaviours are aligned and support the delivery of its strategy, values and purpose. This is achieved via:

Board site visits: During the financial year, the Board visited three varied sites, each containing a different project type, where they met site managers, had an opportunity to discuss the project in detail, interacted with site employees and saw firsthand the working operations and health and safety procedures in place.

Management meetings: Held during site visits, the Board met with a variety of senior managers, enabling the Board to hear their views directly, strengthening their understanding of the workplace environment and the impact of the policies and procedures put in place by the Board.

Employee survey: Each year a group-wide employee engagement survey is conducted with a range of key questions sent to all employees, with answers anonymised to enable full confidentiality. In general, the questions are similar to past surveys to enable comparisons with previous years and identify trends, however, they are also updated where appropriate. The results of the survey are presented to the Executive Board and the Board. An action plan tailored for each business unit is then developed and implemented and communicated to the staff.

Employee Forum: A forum, chaired by a Non-executive Director, where employees meet to discuss workplace policies and procedures – further details opposite.

Inductions and the Code of Conduct: 'Doing the Right Thing' is the Group's formal Code of Conduct which outlines the values and behaviours the Group expects of its staff and other stakeholders. This is also a focal point of the induction process for all new starters to ensure the right approach and expectations are set and the right behaviours become embedded. Other initiatives to support such behaviours include induction for new employees, management presentations, e-learning and on-site training.

Oversight and reporting: The Board is also kept up-to-date with regular reports and metrics on a range of key areas relating to culture by receiving presentations and reports directly and by receiving information via the Chief Executive's regular reports and other management meeting minutes. These include: a Health and Safety report showing key statistics, trends and any areas for improvement; people-related data such as employee turnover and sickness rates; whistleblowing and business ethics matters are also reported and considered.

Bi-annually the Board receive analyst presentations regarding the macro-economic environment, budget and government policy to ensure the Board is fully informed when making company policies which may impact company performance and staff.

Informal channels are also used, such as the general engagement and take-up of internal courses, feedback on Group briefings and questions arising from the Chief Executive roadshow.

Board engagement with our workforce

As a people-focussed company, our employees are one of our greatest assets and the Board recognises the value that a progressive and committed workforce brings to the business. A combination of mechanisms, including the Employee Forum, are used to engage with the workforce and to ensure Board and staff communications remain effective.

Employee Forum

The purpose of the Employee Forum is to gather the views of staff with the aim of strengthening the 'employee voice' in the boardroom, enabling the Board to hear directly from employees on key matters by providing a two-way mechanism, while also gauging the impact of its employee-related policies and processes. Overall, the Employee Forum leads to better engagement with the workforce, acts as a representative body for communications with and feedback from employees about workplace policies and procedures, strengthens the internal communication process and supports good governance.

The Board has chosen one of the three methods suggested under Provision 5 of the Code, namely to have a designated non-executive director, Sally Boyle, to chair the Employee Forum, which meets at least twice a year. Other senior leaders also attend including the General Counsel & Company Secretary, HR Director and Director of Group Communications.

Employee representatives from a range of roles across the Company make up the Employee Forum. Employee membership is reviewed annually to ensure it remains fresh and continues to be an appropriate representation of the workforce. The matters raised are discussed at Executive and Board meetings and the minutes of the meeting are included in the Board packs.

Governance review continued

During the financial year, the Forum had an opportunity to listen and discuss employee's views on a range of themes, including:

➤ Business performance:

- Overview of business results and performance.
- Progress against the Group strategy in market sectors.
- Analyst views of business performance.

➤ People updates:

- Salary review update.
- Results of an Employee Survey.
- Feedback on the Employee Value Proposition.
- Strengthening the internal Mobility Programme.
- Progression on equity, diversity and inclusion plans.
- The introduction of the new Company car policy.
- Feedback and concerns on the implementation of the new internal cloud-based system.

Outcome:

Management considered employees views and feedback and implemented some key initiatives:

- Salary review – the Board was mindful of the ongoing external pressures on the costs of living when carrying out the salary review.
- Company car review – the fleet scheme was recognised as a valued benefit by staff and was reviewed with the introduction of an external supplier. A new car scheme was launched to make the process more competitive, flexible, provide additional staff benefits and options. The new scheme was rolled out in November 2023 supported by webinars and internal communications and was well received by employees.
- Board engagement with other stakeholders – see Strategic report on pages 1 to 79.

Board performance review: 2024 update and 2023 performance evaluation

In line with the Code, the Board reviews its own effectiveness and that of its Committees each year, with an externally-facilitated review at least every third year (the last one being undertaken in 2022). Overall, the performance review found that the Board and its Committees were operating effectively.

2024 Board effectiveness review

The 2024 Board evaluation process was internally facilitated by the Chair supported by the General Counsel & Company Secretary and carried out throughout March and April 2024, with the findings presented to the May Board meeting.

Questions were reviewed in line with the Code and best practice to ensure continued relevance and remain broadly similar to previous evaluations to enable comparison of results. Amendments were made in particular to: the succession planning questions to reflect the wider-ranging

definition of diversity; the Board performance review questions to reflect the change in language; the culture and values questions to reflect the change in emphasis to embed a desired culture. A commentary section is also included to ensure opinions are captured.

The process of the internal effectiveness review involves a detailed and comprehensive online questionnaire securely sent to each individual director for completion. Each director was asked to complete a questionnaire specific to their Board and Committee responsibilities; the completed questionnaires were then collated and responses were reviewed by the Chair and General Counsel & Company Secretary.

In line with best practice, the performance evaluation of individual directors is conducted on an annual basis by the Chair who holds one-to-one meetings with each Board member and the General Counsel & Company Secretary to discuss their performance, contributions, commitments and any training and development needs. The Senior Independent Director also meets with all Board members and the General Counsel & Company Secretary to discuss the performance of the Chair and then meets with the Chair to provide feedback.

The findings of the evaluation exercise were presented to the Board in May 2024. Overall, the Board and its Committees achieved high scores and the evaluation confirmed the Committees are continuing to operate effectively. The results of the evaluation confirmed the composition of the Board was appropriate for the size and structure of the business.

The Board has identified the following recommendations in relation to areas where it would like to make improvements over the next financial year:

Recommendations arising from 2024 Board effectiveness review

- **Board** – Focus on strategy, monitor progress and development.
- **Board** – Relationships: to continue to support new appointees to encourage questions, challenge senior management, ensure a culture of openness and debate is continued and allow time to all to evolve into their roles.
- **Board** – Information: information on margin at project level to be provided in the financial papers.
- **Audit** – External auditors: to continue to work collaboratively with the external auditors to strengthen working relations, and to agree and implement strategies for improvement.
- **Remuneration** – strategy: review and consider the appropriateness of the long term incentive plan performance metrics.

The 2023 Board effectiveness review

The 2023 Board evaluation exercise was internally-facilitated and the process followed those undertaken in previous years. The findings were presented to the May 2023 Board meeting and, as shown below, the Board has successfully addressed the actions arising from the effectiveness review in 2023:

Recommendation	Actions taken
Meetings: more discussions on strategy.	More regular and focussed discussion and consideration around adjacent markets, company valuation and future strategy was carried out.
Composition: continue to monitor the appropriate skills, knowledge, diversity and experience to support the Company as it evolves.	The likely needs of the Company as it evolves, along with the existing mix of skills, knowledge, diversity and experience on the Board, were taken into account when carrying out the search for the new Non-executive Director and Executive Director. The skills and experience of the newly appointed directors and how they would add value were also taken into account.
Succession planning: continue to monitor the development of the wider leadership team succession and development plans and continue to build on inclusion and diversity initiatives.	A presentation to the Board reviewing the wider leadership team and its succession plans was carried out. A range of initiatives to improve equal opportunities, inclusion and diversity were implemented including the appointment of an internal inclusion lead manager and inclusion partner, exercises with internal teams to strengthen awareness of inclusion matters and a 'lunch and learn' webinar.
Cohesiveness: ensure a culture of openness, contribution, debate and challenge continues as new members join.	Thorough inductions were carried out with new Board members to promote further understanding of the business on joining, and participation in boardroom discussions is supported and actively encouraged by all.
External auditors: continue to work together to find ways in which working relations can be strengthened.	Several review meetings have been held, resulting in more detailed timetables, and the exchange of information with external auditors earlier than in previous years.

Governance review continued

UK Corporate Governance Code compliance

As a listed company, the Code sets the standards against which we measure ourselves. The Board confirms that during the financial year ended 30 June 2024, the Board has applied the Principles and complied with all the Provisions of the Code. The Board is aware of the revisions to the Code in 2024 and is taking these changes into account to be fully reported on next year. Information on how the Code was applied is detailed below:

Board leadership and company purpose

The Board is collectively responsible for the long-term success of the Company, including its relationship and engagement with shareholders and other stakeholders, and operates via a formal schedule of matters reserved for its decision. The externally-facilitated Board and Committee evaluation carried out in 2022 and subsequent internal evaluations carried out in 2023 and 2024 have each concluded the Board and its Committees were effective.

The schedule of matters reserved for the Board, which is reviewed by the Board annually, provides that the Board is responsible for establishing the values and strategy of the Company. The Employee Forum chaired by Sally Boyle, Senior Independent Director, remains a key element in the Board's oversight of culture and engagement with employees. Our Code of Conduct also defines the behaviours we expect of our people and the ethical standards to which we adhere.

The Board reviews and agrees the annual budget in July each year to ensure there are sufficient resources in place to achieve its objectives. In addition, mature risk management and governance processes are in place to identify, report and manage risk. These are kept under review to ensure they remain robust and appropriate. The Executive Risk Committee assists the Board and Audit Committee in monitoring and updating the Group's principal and emerging risks and regularly reports to the Board on its work.

The executive directors undertake regular meetings with shareholders throughout the financial year and, this year, the executive directors also held a Capital Markets Event, which the Chair attended, to provide detailed information regarding the financial targets extension to 2030. At each meeting the Board receives an investor relations report. The Chair is available to carry out engagements with shareholders on general matters and matters of importance, as required, and invites questions from shareholders at the AGM. The ESG Committee and the Employee Forum, which oversees relationships with key business stakeholders, continued to meet during the financial year, collated stakeholder and employee views and reported these to the Board.

The Code of Conduct 'Doing the Right Thing' sets out our overall organisational policies and procedures and defines expected behaviours. Group policies define our approach to managing health, safety, environmental and social matters. During the financial year, the Executive Board reviewed and refreshed the policies, procedures and authority matrices under which the central functions and businesses operate, with certain key policies published on our website. There is an independent and anonymous whistleblowing procedure allowing any employee or third party to confidentially raise concerns. The Audit Committee ensures the whistleblowing

procedure remains effective and that any matters reported are appropriately investigated and resolved.

The Group operates a formal procedure for disclosing, reviewing and authorising directors' actual and potential conflicts of interest, in accordance with the Companies Act 2006. In addition, the Board reviews and authorises conflicts of interest, as necessary, on an annual basis.

Division of responsibilities

The Chair is responsible for leading the Board, setting the Group's purpose, direction and values, and ensuring the highest standards of corporate governance are adhered to. In addition, the Chair facilitates constructive Board relations and the effective contribution of all non-executive directors and, in conjunction with the General Counsel & Company Secretary, ensures that directors receive accurate, timely and clear information. The Chair's performance is assessed through the annual Board evaluation process and through a separate annual meeting of the non-executive directors, led by the Senior Independent Director without the Chair present. In June 2024 the Senior Independent Director consulted with all Board members to discuss and evaluate the performance of the Chair and concluded the Chair was performing effectively.

The roles of the Chair and Chief Executive are separate, with a clear division of responsibility and with distinct accountabilities and, along with the Senior Independent Director, are summarised below. In general, the Chief Executive is responsible for the day-to-day executive leadership and management of the business through defined delegated authority limits whilst the non-executive directors provide an independent view on the running of our business, governance and boardroom best practice. They oversee and, where necessary, constructively challenge management in its implementation of strategy and Group performance.

The annual Board evaluation process continues to assess the performance and effectiveness of all directors and their commitment to meeting their Board responsibilities.

The General Counsel & Company Secretary ensures that the Board receives high-quality papers in a timely manner. He advises the Board on all governance matters, including compliance with the Code. He works with the Chair and Committee chairs to ensure that the right matters are escalated to the Board and Committees at the appropriate time and that sufficient time is devoted to strategic matters. He oversees Board induction and evaluation arrangements and supports succession planning and recruitment of new non-executive directors.

The Board

The Board promotes the Company's long-term sustainable success for its stakeholders and is the key decision-making forum for all strategic matters. It monitors progress against the Company's strategic priorities and ensures there is a robust and effective control environment, so that principal and emerging risks are appropriately assessed and managed. It sets the culture for the Company and ensures good corporate governance procedures are in place and adhered to.

Board Committees

The Board has delegated certain responsibilities to its Committees. Each Committee has its own terms of reference, available on our website at <https://www.gallifordtry.co.uk/about/governance-and-policies/>. These are reviewed annually and updated where necessary, to ensure they remain in line with best practice guidance.

A Audit Committee:

Oversees financial reporting matters; keeps under review the adequacy and effectiveness of the Company's internal control and risk management systems; reviews the independence and effectiveness of the external audit process and seeks to ensure the effectiveness of the Company's whistleblowing arrangements for its employees and contractors.

➔ See page 99 for our Audit Committee report.

N Nomination Committee:

Oversees Board and Committee composition, succession planning for Directors and other senior executives, and the Board evaluation, considering the Board's balance of skills, experience, independence and knowledge of the Company, its diversity, how the Board works together as a unit, and other factors relevant to the Board's effectiveness.

➔ See page 95 for our Nomination Committee report.

R Remuneration Committee:

Designs remuneration policies and schemes for the Executive Directors and senior management and reviews workforce remuneration policies, to ensure such policies support the Group's strategy and promote its long-term sustainable success.

➔ See page 104 for our Remuneration Committee report.

Executive Board:

Oversees the Group's operational management and implements its strategy and policies, including the Health, Safety & Sustainability, financial, HR and risk policies, as agreed by the Board.

➔ See page 56.

Executive Risk Committee:

Assists the Board and Audit Committee in monitoring and updating the Group's principal, emerging, and climate-related risks. The Committee is chaired by the General Counsel & Company Secretary.

➔ See page 56.

ESG Committee:

The Board established an ESG Committee by merging its Stakeholder Steering Committee and Carbon Reduction and Social Value Forum in April 2023. The Committee co-ordinates and oversees the Group's activities in relation to the carbon reduction initiatives; social value adding practices; and the Group's relationships with its key stakeholders, ensuring their views are considered in Board discussions and decisions. The Committee is chaired by the Chief Financial Officer, meets at least three times a year and reports its activities and outputs to the Board, enabling Board oversight and influence across all ESG areas. The Committee is comprised of representatives from across our operational divisions and support services functions and includes the Director of Risk and Internal Audit and the Director of Sustainability, which ensures that the work of the ESG Committee is aligned to our principal ESG risks, including climate-related risks.

Employee Forum:

The Employee Forum is chaired by Sally Boyle, Non-executive Director. The Employee Forum meets at least twice a year and consists of employee representatives from a range of roles and departments across the Group. The Employee Forum provides a valuable channel for the two-way communicating of policies which affect employees and communicating the views of our workforce to the Board. Areas of discussion include company values, strategy, health, safety and wellbeing, benefits and rewards, training, communication and other aspects that influence employee engagement.

➔ See page 87.

Governance review continued

There is a clear division of responsibility between the Chair and the Chief Executive and the roles of the Chair, Chief Executive and Senior Independent Director are set out in writing and summarised below. In line with the Code, the Board reviewed these roles during the financial year. These documents can be found on our website at <https://www.gallifordtry.co.uk/about/governance-and-policies/>.

Role	Summary of responsibilities
Chair	<p>The Chair's responsibilities include:</p> <ul style="list-style-type: none"> → leading the Board, ensuring it is effective; → ensuring strong working relationships with all Board members, promoting a culture of openness, debate and constructive challenge; → ensuring the Board has the right balance of diversity, skills, experience and independence, and that non-executive directors have appropriate inductions and development; → setting the Board's agenda, ensuring accurate and timely information is received and effective decision-making processes are in place; → ensuring effective communications with all shareholders and other stakeholders, with any major concerns considered by the Board; → ensuring a clear relationship between remuneration and the Company's long-term success; → with the Chief Executive and the Chief Financial Officer, representing the Company in the industry and financial community; → leading annual reviews of the performance of the Board and directors; and → ensuring the highest standards of corporate governance and full compliance with the Code.
Chief Executive	<p>The Chief Executive's responsibilities include:</p> <ul style="list-style-type: none"> → developing the Group's objectives and strategies, taking into account the Group's responsibilities to its stakeholders, achieving objectives and executing the strategy approved by the Board; → preparing and meeting the budget and strategic financial plan, closely monitoring performance across the Group and taking action where necessary; → examining all investment and major projects, executing acquisitions and disposals, approving major proposals or bids, and identifying new business opportunities; → managing risk, including health and safety performance and ensuring the implementation of Group policies; → ensuring effective communication with shareholders and other stakeholders; and → effective leadership of the senior executive team, including development and succession planning.
Senior Independent Director	<p>The Senior Independent Director's responsibilities include:</p> <ul style="list-style-type: none"> → acting as a valued adviser and sounding board to the Board and Chair, and being available for confidential discussions with the non-executive directors on any matter relating to the Board, performance or strategy; → meeting with the non-executive directors (without the Chair present) at least once a year and evaluating the Chair's performance; → chairing meetings of the Nomination Committee when considering succession for the Chair (unless the Senior Independent Director is a candidate for the role); → being an alternative point of contact for shareholders and attending sufficient meetings with shareholders to understand their views; and → acting as an alternative point of contact for the executive directors and senior executive team.

A non-executive directors' role is to offer advice and guidance to the executive directors and, when required, constructively challenge the executive directors and Group senior management on performance and strategy matters. The roles and responsibilities of the non-executive directors are specified in their letters of appointment. The letters of appointment are available for inspection on request at the Group's registered office and will be available immediately prior to and during the 2024 AGM.

When making a new appointment, the Board takes into account other significant demands on a director's time.

Any significant commitments must be disclosed prior to appointment for consideration by the Board. Any additional external appointments may then only be undertaken with the Board's written approval and if it is considered that time and commitments allow. Executive directors require the Board's approval to accept any external appointments as a non-executive director and retain any associated fees. These measures are in place to ensure all directors have sufficient time and capacity to focus on the work required by the Company.

Delegated authorities

The Board continues to operate an established framework of financial, commercial and operational matters delegated to management, which is reviewed annually. A summary of the matters reserved for the Board and the matters delegated to management is set out in the table below.

Matters reserved for the Board	Matters delegated to management
Group values and standards	Operational management of the Group
Group strategy, business plans and annual budgets	Implementation of Group policies
Acquisitions, disposals and contracts over a prescribed value	Allocation of Group resources
Material contracts and joint arrangements	Contracts up to a prescribed value
Approval of Group policies	Management succession planning
Material changes to Group share capital	Risk management
Group borrowing facilities	
Approval of circulars and financial reports	

2023/24 Board and Committee meetings attendance table

Number of meetings (attended/scheduled)		Board	Audit Committee	Nomination Committee	Remuneration Committee
Alison Wood	Chair	8/8	by invitation	2/2	3/3
Bill Hocking	Chief Executive	8/8	by invitation	by invitation	by invitation
Marisa Cassoni	Senior Independent Director	8/8	3/3	2/2	3/3
Sally Boyle	Non-executive Director	8/8	3/3	2/2	3/3
Michael Topham	Non-executive Director	8/8	3/3	2/2	3/3
Kevin Boyd¹	Non-executive Director	2/8	1/3	1/2	0/3
Kevin Corbett	General Counsel & Company Secretary	8/8	3/3	2/2	3/3
Former Directors					
Andrew Duxbury²	Former Finance Director	8/8	by invitation	n/a	n/a
Terry Miller³	Former Senior Independent Director	3/8	1/3	0/2	2/3

1 Kevin Boyd was appointed as Non-executive Director on 1 March 2024 and attended all scheduled Board and Committee meetings from this date to the year end.

2 Andrew Duxbury resigned on 31 May 2024 and attended all scheduled Board and Committee meetings during the financial year until his departure.

3 Terry Miller stepped down on 31 October 2023 and attended all scheduled Board and Committee meetings during the financial year until her resignation.

Governance review continued

Composition, succession and evaluation

As at 30 June 2024, the Board comprised the Chair, four independent Non-executive Directors and the Chief Executive. Kris Hampson joined the Board on 2 September 2024 as Chief Financial Officer following the resignation of Andrew Duxbury on 31 May 2024. This is considered to be the appropriate number of members for the Board, given the current scale of the Group's operations. All Non-executive Directors, including the Chair, are independent and provide challenge to the executive directors, leadership team and senior managers as appropriate.

The Board followed a clear and formal process for appointing directors, which was followed for the recruitment of Kevin Boyd and Kris Hampson during the financial year. These appointments were in line with the Board's succession plans, which were reviewed and refreshed during the financial year. The Board and Executive management recognise the importance of succession planning to overall business performance. Inclusion and diversity are key drivers to the Group's overall development plans.

The Nomination Committee regularly reviews the balance, composition, diversity and structure of the Board, as well as the length of service of each Board member. The Nomination Committee also makes recommendations on the re-appointment of non-executive directors and any extensions to their term.

The Board conducts an annual evaluation of its own performance and the performance of its Committees and individual directors. This year the Board undertook an internally facilitated Board and Committee evaluation following the completion of an externally-facilitated evaluation last year.

Audit, risk and internal control

The Board delegates detailed oversight of the Group's system of internal controls to the Audit Committee, to ensure the integrity of the Group's full year and half year results and the Annual Report and Accounts. On the Audit Committee's recommendation, the Board reviewed and approved the 2024 half year and full year results and the 2024 Annual Report. In addition, the Board evaluation process together with reviews at the Audit Committee meetings and the annual review in September confirmed the Board's view that the Group's system of internal controls had operated effectively during the financial year. The Audit Committee reviews the effectiveness of the external audit process on an annual basis.

The Audit Committee reviewed the 2023 Annual Report and Accounts in September 2023 and was satisfied that it presents a fair, balanced and understandable assessment of the Group's position and prospects. The Audit Committee reported its findings to the Board.

The procedures for managing risk have continued to work well during the financial year. Both the Executive Risk Committee and Audit Committee continually monitor the Group's risk management and internal control systems on the Board's behalf. The Executive Risk Committee (chaired by the General Counsel & Company Secretary) reviews the Group's principal and emerging risks and recommends any changes to risk appetite to the Board. The Board regularly reviews the Group Risk Register.

With regard to internal audit, a separate programme of 10 internal audits was completed across the Group's operations, and progress checks were completed against previous recommendations.

The Group has a suite of governance and risk management policies, procedures, and training programmes, all of which address the Group's legal obligations. During the financial year, the Executive Board reviewed and refreshed the policies, procedures and authority matrices under which the central functions and businesses operate.

Remuneration

Shareholders approved the current Remuneration Policy at the 2023 AGM. The Remuneration Committee continues to review remuneration policies and practices to ensure they are aligned to the Group's long-term success and based on stretching performance metrics that reflect shareholders' interests.

The Remuneration Committee has continued to apply robust procedures for determining executive remuneration, in line with the policy approved by shareholders, and operates in accordance with its terms of reference. The remuneration of non-executive directors is a matter for the Chair and the executive directors. In determining executive director remuneration policy, the Committee considers workforce remuneration, policies and incentives linked to culture. No one can be involved in any discussion or decision about their own remuneration.

The Remuneration Committee members are all independent non-executive directors. The Committee takes advice from external remuneration consultants and ensures that remuneration for Board and senior management is suitably structured to attract, retain and motivate executives, and to link reward with corporate and individual performance and all relevant internal and external factors.

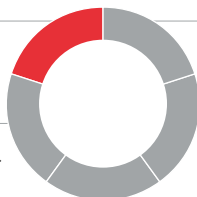
Nomination Committee report



Membership of the Nomination Committee

The UK Code provides that the majority of members of the Nomination Committee should be independent non-executive directors.

Alison Wood
Nomination
Committee Chair



Marisa Cassoni
Senior Independent
Director

Sally Boyle
Non-executive Director

Michael Topham
Non-executive Director

Kevin Boyd
Non-executive Director

The Committee's main focus this year was Board succession planning, following the stepping down of Terry Miller as Senior Independent and Non-executive Director on 31 October 2023, having served nine years on the Board, and the resignation of Andrew Duxbury, Finance Director, who resigned on 31 May 2024. Both Terry and Andrew have made huge and invaluable contributions to the Group over their respective tenures and I would like to thank them both for their commitment, knowledge and guidance to the Board and this Committee and wish them well in the future.



Alison Wood
Nomination Committee Chair

As a result of a rigorous process, I am delighted to welcome Kevin Boyd to the Board as Non-executive Director and member of this Committee with effect from 1 March 2024 and Kris Hampson to the Board as Chief Financial Officer with effect from 2 September 2024.

Composition and remit

The Committee's membership is detailed on pages 82 to 83 and, at the financial year end, the Committee comprised a majority of independent non-executive directors, complying with Provision 17 of the Code. During the financial year, the Committee reviewed its terms of reference in line with best practice, requiring only minor changes, and the current terms of reference can be found on the Group's website (www.gallifordtry.co.uk).

Calendar of 2023/24 Committee activities and areas of focus

During the financial year, the Committee prioritised the key activities and areas of focus set out below:

2023

December

- ➔ Monitor succession planning of leadership roles at Executive and key senior level below.
- ➔ Review impact of Retain & Gain strategies towards talent pipeline, including:
 - Equity, diversity and inclusion strategies.
 - Women in Construction, Learning & Development, and Early Careers initiatives.
- ➔ Update on Chief Financial Officer's succession search.
- ➔ Update on Non-executive Director succession search.

2024

March

- ➔ Update on Chief Financial Officer's succession search.

2024

May

- ➔ Review appointment of new Non-executive Director and monitor effective induction programme.
- ➔ Non-executive directors' appointment review and Committee Board membership.
- ➔ Terms of reference review and approval.
- ➔ Board and Board Committee performance review.
- ➔ Executive Board performance review.
- ➔ Monitor succession planning of leadership roles at Executive and key senior level.
- ➔ Review impact of Retain & Gain strategies towards talent pipeline.

Nomination Committee continued

Board appointment process

The Committee agreed a brief for each appointment based on the capabilities, skills, diversity and experience required for the role, which would provide added value to the Board as a whole and which would support the Board to deliver its business's strategy. Below provides details of the process 'in action' as it was applied for the appointment of Kris Hampson:

Appointment process for new Chief Financial Officer – Kris Hampson

Background:	Andrew Duxbury, Finance Director, resigned from the Board.
Review:	The Nomination Committee reviewed the current Board structure, composition and skills of the Board and how these align to delivering the Group's strategic plan.
Process:	<p>The Chair, Alison Wood, assisted by the General Counsel & Company Secretary, led the process to select a new Chief Financial Officer. The executive search firm, Odgers Berndtson, was appointed to assist with the search process. Odgers Berndtson has no other connection to the Company or its directors. The Committee requested the search to include a diverse list of candidates in respect to gender, ethnicity and background, and agreed a brief based on the capabilities, skills, experience and diversity required on the Board and which would support the business's strategy. This included:</p> <ul style="list-style-type: none"> ➤ track record of success in finance leadership for a major company or division of a large corporation, with relevant experience of working in a multi-site environment within an industry with a similar risk profile; ➤ capability to support the Chief Executive in commercial, operational and strategic leadership of the organisation; ➤ a qualified accountant with strong technical finance experience; ➤ good understanding of corporate governance; ➤ the ability to work with external shareholders; and ➤ strong ability to culturally lead the business alongside the rest of the executive leadership team.
Candidate selection:	The executive search firm conducted a search and provided an extensive list of potential candidates, 32% of whom were female. The Committee reviewed the list and instructed preferred candidates to be approached to participate in the interview process.
Interview process:	Sixteen candidates were interviewed by the executive agency at longlist stage. After a shortlist discussion with the Chief Executive and the HR Director, seven candidates were invited for first interviews by the Chief Executive and outgoing Finance Director. Three candidates were progressed for a second interview, which included meeting the HR Director, the Chair and a second meeting with the Chief Executive. The preferred candidates subsequently met with three further non-executive directors. Detailed informal and formal references were obtained.
Outcome:	Having considered the specification for the new Chief Financial Officer, the strategic requirements of the business and the skills and experience of the short-listed candidates, the Committee recommended the successful candidate, Kris Hampson, to the Board for appointment. Kris met the search criteria due to his substantial experience in senior management roles including that of Group Financial Controller at FTSE 50 Rentokil Initial plc, where he was previously Divisional Finance Director in the UK and Rest of the World Division. He is an ACA qualified accountant. Kris has experience in leading large and high performing teams across finance, in addition to other functions. He has vast experience in driving growth in an operational finance leadership role, in addition to financial reporting in a listed environment. Kris also has experience of leading on mergers and acquisitions, including integrating acquisitions into a business, and has a good understanding of risk management.
Induction process:	A full and comprehensive induction programme is prepared for new directors. This includes a range of separate internal meetings with each executive Board director, the General Counsel & Company Secretary, members of the Executive Committee, as well as other members of the senior leadership team. Site visits are also planned to meet local management and workforce and see the application of health and safety matters. Meetings with key external advisers also take place.

Board and Committee changes

Details of the members of the Nomination Committee can be found on pages 82 to 83.

Senior leadership succession planning

Succession planning at senior levels below the Board also remained a key priority for the Committee during the financial year. A detailed update was received from the HR Director on the progress of the implementation of the Group's succession plan, noting that stable leadership teams were in place and identifying which key leadership positions had internal successor candidates. The timescale of the development of those coming forward, with coaching, training and development opportunities were identified. Initiatives to support a diverse talent pool of employees who demonstrate a high potential for promotion were also discussed. The Group's 'employee retain and gain' people strategy was further developed to ensure employees were proactively engaged and trained to support and enable staff retention levels. Other initiatives to widen diversity included the Women in Construction and the Early Careers programme as noted in the People section of our Strategic Report page 28.

Review of the Board's composition

The Committee reviews the composition of the Board and its Committees at least annually as part of the Board performance review process and, given the recent changes to the Board, this was a particularly important exercise. The Committee considered the balance of skills, experience, knowledge and diversity of opinion of the non-executive directors, their time commitments and succession plans of the current Board, and the requirements sought for the new candidates, to ensure the Board remained suitable for the Group's structure, strategy, objectives and future organisational design. Given the size and structure of our Group, and the new candidates in place, the Nomination Committee found the composition and size of the Board and its committees remains appropriate. Further details on the Board evaluation and its outcomes can be found on pages 88 to 89.

The Board and its Committees' performance review

The Board and its Committees' internally-facilitated performance review was carried out during the financial year and identified a small number of actions for the Committee to undertake, including: continuing to monitor closely the relationship with the external auditors and the finance team, especially following the change in Chief Financial Officer; overseeing the Board dynamics and relations following the introduction of new members and ensuring time is given to new members to grow into the role; the need to maintain its approach to the monitoring of the correct balance of skills, leadership succession and development plans as strategy evolves. The Nomination Committee performance review concluded the Committee remains effective and met the performance requirements of the financial year.

Culture of equity, diversity and inclusion

A key focus for the Committee is continuing to ensure equity, inclusion and diversity (EDI) is embedded in the Sustainable Growth Strategy to provide a supportive and progressive culture for all. The Committee fully supports the 2023 addition of inclusion and diversity disclosures in the Listing Rules and ensures such matters are considered in all its policies and practices.

During the financial year, the Committee considered and monitored the further development of the new EDI initiatives implemented last year. The outcomes of this included: the roll-out of a planned EDI Inclusive Leadership programme to senior leaders and business units following the creation of a dedicated Inclusion Team within the HR function in 2023, and continued working with Clear Company, an external EDI and culture consultancy, whom the Group have partnered with to gain objective and constructive feedback and guidance on our retention and recruitment practices, with the aim to remove any potential barriers and continue our journey to an inclusive culture.

The Committee also considered an extensive range of EDI working practices to ensure the Group is able to attract the best candidates from as wide a section of the population as possible which include: agile working and hybrid working practices, taking part in industry initiatives such as supporting the National Association for Women in Construction and the Supplier Diversity Group. The Group is also an accredited Disability Confident Employer. In 2023 the Women in Construction Research project was launched, focusing on operational roles. Further information on the EDI initiatives implemented can be found in the People and culture section commencing on page 28.

Nomination Committee continued

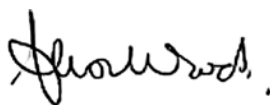
Statement on compliance of Board and Committee equity, diversity and inclusion

EDI is also a key consideration when assessing the Board's composition and that of its Committees to ensure there are no barriers to attracting the best candidates or developing a diverse pipeline for succession and creating an inclusive environment. The Committee considers a broad definition of diversity when setting policies and appointing directors which includes: ethnicity, religion, socio-economic background, gender and sexual orientation, age, disability, partnership status, culture, personality and professional experience. The Committee has worked hard to ensure the Board is sufficiently diverse to support its future strategic developments.

The Board confirms that as at 30 June 2024 (being the reference date selected by the Board for the purposes of this disclosure), the Company has complied with the gender diversity targets of UKLR 6.6R(9)(a) (formerly Listing Rule 9.8.6R(9)) and the FTSE Women Leaders Review. Fifty per cent of the individuals on its Board are women and so meets the rule of at least 40% of the Board are female as well as holding two senior Board positions, those of the Chair and the Senior Independent Director.

In order to collect the data for the gender and ethnic diversity disclosures, the Board and its senior management team were each sent a series of questions to complete asking how they self-identify in each of the designated categories under the Listing Rules disclosure.

The Company does not presently meet the UKLR 6.6.6R(9) (a) (formerly Listing Rule 9.8.6R(9)) ethnicity target for Board members and senior management of at least one individual on its Board from a minority ethnic background and acknowledges that further work is required to become more ethnically diverse. In its most recent search for new appointments to the Board, the Committee expressly sought and took steps to identify candidates from a minority ethnic background.



Alison Wood
Nomination Committee Chair

Board and Executive management gender identity table

As at 30 June 2024

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, SID and Chair)	Number in Executive management ¹	Percentage of Executive management ¹
Men	3	50	1	3	75
Women	3	50	2	1	25

¹ Those included in the number in Executive management consist of those who make up the Executive Committee but who are not Board members.

Board and Executive management ethnic identity table

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, SID and Chair)	Number in Executive management	Percentage of Executive management ¹
White British or other White (including minority-white groups)	6	100	3	4	100

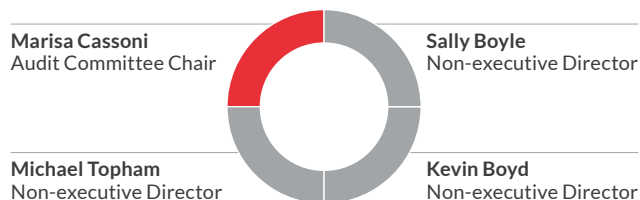
¹ Those included in the number in the Executive management column consist of those who make up the Executive Committee but who are not Board members.

Audit Committee report

A

Membership of the Audit Committee

The Code provides that members of the Audit Committee should be independent non-executive directors and have a minimum membership of three.



Marisa Cassoni
Audit Committee Chair

As Chair of the Audit Committee and on behalf of the Board, I am pleased to present the Audit Committee Report for the financial year ended 30 June 2024.

Composition of the Committee

The composition of the Committee continues to exceed the requirements of Provision 17 of the Code as, at the financial year end, all members were independent non-executive directors, and the majority, specifically myself, Kevin Boyd and Michael Topham, have extensive and relevant experience in finance. Further, the depth of and significant wide-ranging business backgrounds of all Committee members ensures the Committee has the right balance of skills, understanding and experience to carry out the role, and all are highly competent in the sectors in which the Company operates. In addition, the Committee continues to ensure each member has sufficient knowledge and access to training to stay up to date and contribute effectively to the Committee's work. Further details of the Committee's membership can be found on pages 82 to 83.

In addition to the members of the Committee, regular attendees who join the meeting by invitation include the Chair of the Board, the Chief Executive, the Chief Financial Officer, the Director of Risk and Internal Audit and the Group Financial Controller. The General Counsel & Company Secretary, or his delegate, acts as secretary to the Committee and provides support as required. The external auditor also attends Committee meetings by invitation.

Remit and activities

The Committee met three times during the financial year, which it deems appropriate to its role and responsibilities. The Committee's delegated authorities and calendar of prioritised work have not changed substantially from those disclosed in previous years and remain in line with the Code's requirements.

The Committee's key responsibilities are:

- delegated responsibility from the Board for financial reporting;
- monitoring external audit, internal audit, risk and controls; and
- reviewing instances of whistleblowing and the Group's procedures for detecting fraud.

The Committee also continues to meet with internal and external audit teams without Executive management present, in order to discuss any matters which the auditor may wish to raise.

The Committee reviewed and updated its terms of reference in line with best practice during the financial year, requiring only minor changes, and the current terms of reference can be found on the Group's website (www.gallifordtry.co.uk).

Internal management system

During the financial year, the Company finalised the implementation of its new, cloud-based, resource planning and human capital management system to modernise our ways of working, simplify internal processes regarding the people, commercial, financial and procurement functions, provide added transparency of data and to drive efficiency. The associated customisation and configuration costs of the project were reported as exceptional items in the current and prior financial year, as set out in note 4 to the financial statements.

Audit Committee continued

Calendar of 2023/24 Committee activities and areas of focus

2023	2024	2024
September	February	May
<ul style="list-style-type: none"> ➔ Overview of contract accounting judgements. ➔ Committee review of 2022/23 full-year results, including external auditor presentation, going concern review and viability statement, and approval of the 'fair, balanced and understandable' process. ➔ Review of draft 2023 annual results statement. ➔ Review of draft external audit opinion. ➔ Review of risk, internal audit and whistleblowing reports. ➔ Consideration of the impact of BEIS white paper on corporate reform of internal controls processes. 	<ul style="list-style-type: none"> ➔ Overview of contract accounting judgements. ➔ Committee review of 2023/24 half year results, including external auditor presentation, going concern review and approval of the 'fair, balanced and understandable' process. ➔ Reflections on the 2023 audit process. ➔ Review of draft half-year 2024 results statement. ➔ Review of risk, internal audit and whistleblowing reports. 	<ul style="list-style-type: none"> ➔ Review and approve the internal audit charter and internal audit plan 2024/25. ➔ Review of the Group's year end planning and finance team structure. ➔ Approval of the external audit plan. ➔ External quality assessment update. ➔ Anti-money laundering update. ➔ Review of risk, internal audit and whistleblowing reports. ➔ Review of terms of reference and non-audit fee policy. ➔ Progress report of the working group regarding upcoming corporate governance reforms.

FRC audit quality review

The Financial Reporting Council's Audit review team (AQR) selected BDO's audit of the group's financial statements for the year ended 30 June 2023 as part of its routine inspection cycle. This inspection has not yet been concluded but the Audit Committee has been kept advised by the auditors of queries raised by AQR and has discussed with them the implications for the audit of the current and prior years' financial statements.

Committee evaluation

The operations, performance and effectiveness of the Committee were reviewed as part of the internally-facilitated Board evaluation process aimed at identifying any areas for improvement. The Committee was deemed to be operating effectively with a small number of actions arising from the process.

Please see pages 88 to 89 for further information on the Board and its Committees' performance review.

Corporate governance reform

The Committee has been following the important work of the Department for Business and Trade (formerly the Department for Business, Energy and Industrial Strategy), regarding restoring trust in audit and corporate governance.

A summary of the anticipated changes, and their impact on the Group, was reviewed at the Committee's meeting in September 2023. In May 2024, the Committee reviewed an updated report that included further details of the new UK Corporate Governance Code 2024, which was published by the FRC in January 2024. This report included a summary of the internal work that has commenced in anticipation of the new Corporate Governance Code becoming effective. The relevant working group is tasked to undertake the scoping, project planning and testing of the operating effectiveness of our internal controls, scenario planning and stress testing for resilience and, where necessary, strengthening the processes already in place.

External audit

The Company's external auditor is BDO LLP (BDO) and is led by the audit partner Edward Goodworth, who has been a partner at BDO for 12 years. The appointment of BDO followed an audit tender process undertaken in the second half of 2018, was carried out to maintain independence and ensure a fresh approach, and was subsequently approved by shareholders.

During the financial year, the Committee formally met with the external auditors as part of the interim review, audit planning and year end audit findings. During the planning phase of the audit, the Committee gave their views on various elements, including the materiality, key risks and the associated audit approach to those risks. The Committee meets privately with the auditor, and the Chair of the Committee speaks regularly with the audit partner throughout the financial year.

Each year, the Committee assesses the independence, objectivity and effectiveness of the external audit process, which includes discussing feedback from the members of the Committee and key senior management within the Group and from regulatory sources. The Committee is satisfied that the external audit relationship is effective and that BDO remains sufficiently independent in accordance with the relevant professional ethical standards.

A resolution is to be proposed at the forthcoming AGM for the re-appointment of BDO as auditor of the Group, with its terms of engagement and rate of remuneration to be determined by the Committee.

Non-audit services

The Group has policies and review mechanisms governing the provision of material non-audit services and safeguarding the objectivity and independence of the external auditor. These remained in force throughout the financial year. The policy specifies: the types of non-audit services for which the use of the external auditor is pre-approved (ie approval has been given in advance as a matter of policy); the services for which specific approval from the Committee is required before the auditor is contracted; and the services from which the external auditor is excluded. In respect of pre-approved services and following the non-audit policy review by the Committee, the financial threshold in place was increased to £100,000, applicable to individual and aggregated services in any year, the increase being to take account of inflation and the size and structure of the Group. Furthermore, should the total value of non-audit service engagements exceed the defined percentage of 50% of the total Group audit fee for the previous financial year, the Committee shall consider and give specific prior approval for any subsequent non-audit service engagements in excess of £50,000. During the financial year, and in line with previous years, BDO provided a standard non-audit-related assurance service for the half year review, details of the fees for which can be found in accounting note 7. There were no other non-audit services provided by BDO during the period and the Committee is satisfied that the non-audit-related assurance service provided does not impair BDO's independence and objectivity.

Internal audit

Each year, the Committee monitors and reviews the effectiveness of the internal audit function, approves the scope of work of the internal audit plan for the following year, assesses the adequacy of the team's resources and has oversight of, and challenges as necessary, management's response to the findings of internal audits.

During the financial year, the Internal Audit team continued to deliver its agreed internal audit annual plan and provided commercial and risk management support across the Group, at the request of the Committee, the Executive Board and senior management. Results from the bi-annual commercial health checks, based on a typical sample of 12 contracts from across the business, are reported to the Committee. Projects included in the commercial health checks provide a representative mix of business units, project values, current commercial performance and stage of completion.

Overall the Internal Audit function operated effectively and contributed strongly to the Group's overall governance framework.

Risk management

The Executive Risk Committee reviews the Group's risks and reports to the Executive Board and the Board. In addition, the Executive Risk Committee continues to review the procedures in place to identify emerging risks and its disclosure obligations. The Executive Risk Committee has a standing agenda item at its meetings to review and document emerging risk themes that could have a significant impact on our business. The Executive Risk Committee has also reviewed the climate-related risks and opportunities, in support of our Task Force on Climate-Related Financial Disclosures (TCFD).

In line with Provision 29 of the Code's requirements, the Board also undertook an annual assessment of the appropriateness and effectiveness of the Group's risk management and internal control systems prior to approving the full-year results. This review covers material controls, including financial, operational and compliance controls.

Following these reviews, the Committee concluded the Company's system of risk management and internal control was effective and appropriate for the size and complexity of the Group.

- ➔ For further information regarding the management of risks, please see pages 56 to 60.

Audit Committee continued

Internal control framework

The day-to-day management of our principal risks is supported by an internal control framework which is embedded in our management and operational processes. The most significant elements of the Group's internal control framework have remained consistent with the previous financial year and include the following:

- **Organisational structure:** Each business unit is led by a managing director and management team, providing a clear hierarchy and accountabilities.
- **Code of Conduct:** The Group promotes a culture of acting ethically and with demonstrable integrity. Our ethical standards and approach are set out in 'Doing the Right Thing', our Code of Conduct. It is supported by training modules and its themes and importance are communicated to new starters as part of their induction.
- **Contractual review and commitments:** The Group has policies and procedures for entering into contracts which apply across its business units and operations and are enforced through the Group's legal authorities matrix.
- **Operational activity:** Site operations are performed in line with established business management systems and processes that incorporate all operational activities, including health, safety and environmental procedures, regular performance monitoring, quality management and external accountability to stakeholders.
- **Financial planning framework:** A detailed annual budget is prepared for each financial year, which is approved by the Board. This is supplemented by medium-term strategic planning, which in 2024 supported the formulation of the Group's updated strategy to 2030.
- **Operational and financial reporting:** An exacting profit and cash reporting and forecasting regime is in place across the Group. This emphasises cash flow, income and balance sheet reporting, as well as health, safety and environmental matters within monthly operational reports.
- **Internal audit:** The Internal Audit team develops and delivers an annual programme of internal audits, which includes business unit key control reviews, audits of Group processes and other specific risk areas, and reviews of significant change programmes.
- **Assurance provided by non-audit functions:** A number of other Group functions provide assurance in areas including, but not limited to, health, safety and environment, legal contract reviews and compliance, and construction industry regulation.

Significant issues and other accounting judgements

The Committee reviewed the integrity of the Group's financial statements and all formal announcements relating to the Group's financial performance. This included an assessment of each critical accounting policy, as set out in note 1 to the financial statements, as well as review and debate on the following areas of significance:

- **Contract revenue and provisions:** In conjunction with the annual audit, the Committee continued to review key judgments in respect of revenue recognition and contract provisions, in relation to certain significant long-term construction contracts.
- **Contract rectification provision:** The Committee considered whether a material rectification provision as disclosed in the critical accounting estimates and judgements in the Financial Statements appropriately met the criteria for a provision and was appropriately estimated and disclosed. The Committee also considered the levels of other required provisions.
- **Going concern and viability:** The Committee considered key commercial, economic and other risks to the Group's going concern status and longer-term viability and reported to the Board on its findings.
- **Significant transactions:** The Committee has given particular consideration to the accounting for and presentation of individually significant transactions, and areas where alternative performance measures are required to ensure that the financial statements give a fair, balanced and understandable view of the Group's performance, and that statutory measures are equally clear and prominent. This specifically included the presentation of the investment in cloud-based commercial and accounting systems, which has been reported as an exceptional cost, and disclosure of the settlement of a long-running contract dispute.
- **PPP portfolio valuation:** The Committee reviewed the discount rate used to determine the fair value of each of the Group's PPP investments.

Fair, balanced and understandable consideration

As requested by the Board and in line with its terms of reference, the Committee has reviewed the 2024 Annual Report and financial statements and considered whether, in terms of the form and content of the strategic, governance and financial information taken as a whole, it is fair, balanced and understandable and enables current and prospective shareholders to assess the Company's position with respect to its performance, business model and strategy. The process which was followed was:

Management prepare drafts of the Annual Report for internal consideration by process owners and external advisors for comment and discussion.

External legal advisors review the Annual Report Governance section draft to ensure compliance.

Management consider key judgements and significant changes, and how such matters should be disclosed.

The General Counsel & Company Secretary and Finance Team take responsibility to ensure that the balance of information provided is consistent with the balance of discussions at the plc Board.

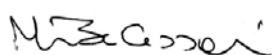
Drafts of the Annual Report are provided to the Committee members in advance for consideration and review.

Management prepared papers to the Committee setting out key judgements in preparing the Annual Report, and how such matters are disclosed.

The Committee, once satisfied the requirements have been met, recommends that the Fair, Balanced and Understandable review process is recommended for approval at its September meeting.

The Board considers the Committee's recommendation that the Fair, Balanced and Understandable statement be applied to the 2024 Annual Report and financial statements.

The Board approved the Committee's recommendation that the Fair, Balanced and Understandable statement could be applied to the 2024 Annual Report and financial statements and this can be found in the Directors' report on pages 127 to 130.



Marisa Cassoni
Audit Committee Chair

Remuneration Committee report

R

Membership of the Remuneration Committee

The UK Code provides that all members of the Remuneration Committee should be independent non-executive directors.

Sally Boyle
Remuneration
Committee Chair



Alison Wood
Board Chair

Marisa Cassoni
Senior Independent
Director

Michael Topham
Non-executive Director

Kevin Boyd
Non-executive Director

This is my first year as Remuneration Committee Chair and, on behalf of the Board, I am pleased to present the Directors' Remuneration Report for the financial year ended 30 June 2024.

The Remuneration Report is divided into three parts: the Annual Statement; the Directors' Remuneration Policy; and the Annual Report on Remuneration, which sets out how the Remuneration Policy was applied during the financial year.

Remuneration and performance in 2023/24

The Group has achieved another year of strong operational and financial performance and has a high-quality order book to continue its growth plans. In May 2024 management set out the Group's updated strategy to 2030. In line with the 2023/24 targets of the Annual Bonus Plan (ABP), the Committee has approved payments for the financial year at 93.4% of maximum. For the Long Term Incentive Plan (LTIP), the Committee has approved the vesting of awards granted to the Chief Executive under the LTIP in September 2021. Based on performance up to the financial year, 88.2% of the September 2021 LTIP will vest on 7 October 2024, three years after grant. All awards are made in accordance with the Remuneration Policy approved by shareholders at the Company's AGM on Friday 10th November 2023. Further details of remuneration can be found in the following pages.

The Committee also considered continued support to employees during the high inflation period when making an average annual salary award budget of 5% and reviewed the appropriate ESG performance metrics to ensure alignment to the Group's updated strategic targets.

Finally, following the resignation of Andrew Duxbury, the Committee determined his exit treatment and subsequently the package for Kris Hampson who was appointed as Chief Financial Officer on 2 September 2024. Further details may be found below and details of the appointment process for Kris Hampson can be found on page 96 of the Nomination Report.



Sally Boyle
Remuneration Committee Chair

The Committee has continued to apply the recommendations of the UK Corporate Governance Code and decisions relating to remuneration matters are set out in the relevant sections of this report. The Committee is mindful of the changes which are being brought in by the 2024 UK Corporate Governance Code, and these will be implemented during 2025.

This report has been prepared in accordance with the relevant provisions of the Companies Act 2006, The Companies (Director's Remuneration Policy and Directors' Remuneration Report) Regulations 2019, the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations (Amended) 2013 and the Financial Conduct Authority's Listing Rules.

Board and Committee changes

On 8 November 2023 we announced the resignation of our Finance Director, Andrew Duxbury. Since joining the Company, Andrew has played a key role in building high-performing teams while overseeing industry-leading returns to shareholders during a period of strong growth. His leaver treatment was in line with the Remuneration Policy. Specifically, he received salary and pension up to 31 May 2024 while his bonus for 2023/2024 and his unvested LTIP and deferred bonus awards have all lapsed.

Kris Hampson was appointed Chief Financial Officer on 2 September 2024. He will be eligible for a salary of £380,000 and a pension contribution of 8% of salary, which is aligned to the UK workforce. He will be eligible for a 2024/25 bonus and a grant under the 2024 LTIP in line with the Remuneration Policy. Kris's base salary represents a reduction against the outgoing Finance Director but still remains in line with market competitive rates.

➔ Details of the members of the Remuneration Committee can be found on pages 82 to 83.

Calendar of 2023/24 Committee activities and areas of focus

2023	2023	2024
July <ul style="list-style-type: none"> ➤ Review of corporate governance developments in executive remuneration. ➤ Performance metrics for LTIP 2023 grant of awards. ➤ Update on 2022/23 annual bonus forecast, performance and proposed 2023/24 annual bonus scheme. ➤ Consideration of bonus discretion and Committee guidance. ➤ Long Term Bonus Plan (for roles below Executive Board level) and interim award 2023 proposals. ➤ Review of draft 2023 Directors' Remuneration Report. 	September <ul style="list-style-type: none"> ➤ Consideration of 2023 Long Term Incentive and Annual Bonus Plan awards. ➤ Review of 2022/23 annual bonus performance to 30 June 2023. ➤ Approval of the 2023 Directors' Remuneration Report. ➤ Approval of Employee Share Trust purchase programme. 	February <ul style="list-style-type: none"> ➤ 2024 salary and benefits review (effective 1 April 2024). ➤ Review of terms of reference. ➤ Employee Share Trust update. ➤ Briefing from the HR Director on remuneration and other considerations for the wider workforce.

Remuneration Policy

The Remuneration Policy was submitted to shareholders for approval at the AGM held in November 2023, where it was subjected to a binding vote and was overwhelmingly approved by 99.3% of shareholders who voted. The structure of the Remuneration Policy, which was largely unchanged from the previous Policy, comprises base salary, pensions, benefits, annual bonus and Long Term Incentive Plans (LTIP) and has been adopted and implemented throughout this financial year. The three-year life of the Remuneration Policy will expire at the 2026 AGM, where shareholder approval will be sought for a new binding Policy. The full Policy is set out on pages 108 to 116.

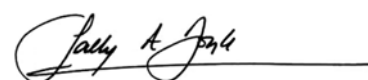
Application of Remuneration Policy in 2024/25

The key elements of the Remuneration Policy being applied are set out below:

- **Base salaries:** the Committee continues to monitor and review pay and conditions across the Group and the external market. Taking into account cost of living and external market conditions, an overall salary budget of 5.0% was approved for annual staff salary increases across the Group from 1 April 2024. Bill Hocking's salary was increased by 4.73% from 1 April 2024. Due to his resignation, there was no increase in salary for Andrew Duxbury.

- **Annual Bonus Plan ("ABP"):** the scorecard for the Annual Bonus Plan for 2024/25 is in line with the 2023/24 scorecard and will continue to include ESG metrics as introduced last year. All bonus awards will be subject to the Committee's discretion, taking into account health and safety performance and the underlying performance of the Group. 2024/25 targets will be disclosed as usual in the 2025 Annual Report.
- **LTIP:** no changes to metrics or structure are proposed for the 2024 awards. The metrics will continue to comprise earnings per share ("EPS") and average cash management.

There will be one advisory vote at the AGM in November 2024, on the Directors' Remuneration Report.



Sally Boyle
Remuneration Committee Chair

Remuneration at a glance

The following is a summary of the Executive Directors' remuneration in 2023/24 and proposed application of the approved Remuneration Policy ("Policy").

Remuneration Policy and framework

Our approach to remuneration and our Policy are set out on pages 108 to 116 of this report. The elements of executive directors' remuneration are:

- **Fixed element:** Comprises base salary, taxable benefits (such as a company car or cash equivalent allowance, private medical and permanent health insurance, and life assurance), and contribution to a pension.
- **Variable element:** Annual bonus, which incentivises and rewards the achievement of stretching annual targets (both financial and non-financial) that support the Group's annual and strategic objectives, with two-thirds of any bonus earned in excess of 50% of salary required to be deferred into restricted shares.
- **Long-term element:** The LTIP incentivises the achievement of sustained long-term financial and operational performance over a three-year performance period. Any share awards that vest are subject to a two-year holding period.

Actual remuneration in 2023/24

The following table summarises the executive directors' remuneration in 2023/24:

Director	Role	Fixed remuneration ¹ £000	Variable remuneration ² £000	Total remuneration £000
Bill Hocking	Chief Executive	548	1,403	1,951
Former Director				
Andrew Duxbury ³	Finance Director	393	-	393

1 Comprises base salary, taxable benefits and pension contributions. See page 117 for further information.

2 Comprises annual bonus awarded and LTIP vesting with reference to performance during the financial year. See pages 118 to 119 for further information.

3 Andrew Duxbury resigned from the Board on 31 May 2024. The payment above reflects his time in the role of Finance Director to 31 May 2024. Details of his leaving arrangements are set out on page 120. His outstanding LTIP and deferred bonus awards lapsed with immediate effect and no bonus is payable for 2023/24.

Variable pay outcomes

Annual bonus payments for 2023/24

The annual bonus payments made to the Executive Directors are summarised in the table below.

Director	Maximum bonus (% of salary) ¹	Achieved bonus (% of salary) ¹	Cash £000	Shares £000
Bill Hocking	120%	93.4%	350	208
Former Director				
Andrew Duxbury ²	100%	-	-	-

1 See page 118 for further information.

2 Due to his resignation in the financial year, no bonus was awarded to Andrew Duxbury.

LTIP outcomes

Vestings relating to 2021 to 2024 performance

The LTIP awards granted to Bill Hocking and Andrew Duxbury on 23 September 2021 were based on 75% underlying EPS performance and 25% on average month-end cash as a percentage of annual turnover in the final year to 30 June 2024. The September 2024 vesting is summarised below:

	Stretch EPS condition	Actual EPS performance	Stretch average month-end cash ¹ condition	Actual average month-end cash ¹ performance	% Vesting	Value of award vesting £000 ²
Bill Hocking	19.5p	27.9p	10%	8.7%	88.2%	845
Former Director						
Andrew Duxbury ³	19.5p	-	10%	-	-	-

1 As a percentage of annual turnover.

2 Estimated based on the average share price over the three months to 30 June 2024.

3 Andrew Duxbury resigned from the Board on 31 May 2024. His outstanding LTIP awards lapsed with immediate effect.

Proposed application of the Policy in 2024/2025

Element	Bill Hocking	Kris Hampson*
Base salary	£520,000	£380,000
Pension	8%	8%
ABP	Maximum bonus opportunity of 120% of salary for the Chief Executive and 100% of salary for other executive directors pro rata to time in the performance period.	
LTIP	Award of up to 150% of salary, with three quarters based on earnings per share and one quarter on a cash performance metric, measured as an average month-end cash as a percentage of revenue. For Kris Hampson this will be pro rata to time in the performance period.	
Performance targets	<p>EPS: The target EPS to be achieved in the final year of the performance period (1 July 2026 to 30 June 2027) is 37.7p. Achieving 33.9p would generate 25% vesting and 41.5p would generate 100% vesting on a straight-line basis.</p> <p>Cash: The target is average month-end cash in the final year of the performance period of 9% of annual turnover. Achieving 8% would generate 25% vesting and 10% would generate 100% vesting on a straight-line basis.</p>	
Holding period	Any vested LTIP shares must be held for two years after vesting (after payment of tax).	
Malus and clawback	Malus and clawback apply in circumstances of error, material misstatement, misconduct, reputational damage or corporate failure as a result of poor risk management.	

* Kris Hampson joined the Board with effect from 2 September 2024 and the base salary shown above is his annual salary. Pro-rated to 30 June 2025, the base salary received would be £316,654.

Directors' Remuneration Policy report

The Remuneration Policy Report was subject to a binding shareholder vote at the 2023 AGM and was passed with 99.3% support. There have been no changes to the Policy during the financial year.

The main objectives of the Group's Remuneration Policy are to:

- ➔ ensure that remuneration packages are appropriately positioned and structured to promote a Sustainable Growth Strategy for all stakeholders and which takes into account pay and conditions and market practice;
- ➔ engender an inclusive and progressive culture, which enables all individuals to reach their potential and positions Galliford Try as an employer of choice;
- ➔ deliver a significant proportion of total executive pay through performance-related remuneration and in shares; and
- ➔ ensure the achievement of strong and sustained long-term financial and operational performance with no reward for failure.

How the Remuneration Policy aligns with the UK Corporate Governance Code

The Code sets out principles against which the Committee should determine the Remuneration Policy for executives, as follows:

Principle	Committee approach
Clarity – remuneration arrangements should be transparent and promote effective engagement with shareholders and the workforce.	The Committee has operated a consistent approach which is well understood internally and by investors. Consultation with shareholders on the revisions to the Policy have been undertaken and there were no material concerns.
Simplicity – remuneration structures should avoid complexity and their rationale and operation should be easy to understand.	The Committee has taken measures to ensure pay arrangements are balanced, simple in their design with a small number of relevant performance measures, and clearly linked to strategy.
Risk – remuneration arrangements to ensure reputational and other risks from excessive rewards, and behavioural risks that can arise from target-based incentive plans, are identified and mitigated.	Incentive plans are capped and are not high relative to those in comparable companies. Incentive targets to be set are those that the Committee believes to be stretching and achievable within the risk-appetite set by the Board. The Committee has discretion to override any formulaic incentive outcomes if they are not considered accurate or fairly reflect the underlying performance of the Group. This ensures that malus and clawback provisions are sufficiently wide-ranging and can be applied by the Committee if deemed appropriate to do so.
Predictability – the range of possible values of rewards to individual directors and any other limits or discretions should be identified and explained at the time of approving the policy.	The Committee maintains clear annual caps on incentive opportunities and has used its discretion where necessary.
Proportionality – the link between individual awards, the delivery of strategy and the long-term performance of the company should be clear. Outcomes should not reward poor performance.	The Committee ensures performance metrics continue to be clearly aligned with the Group's strategy each year, maintaining an appropriate balance between base pay, short- and long-term incentive opportunities.
Alignment to culture – incentive schemes should drive behaviours consistent with company purpose, values and strategy.	Bonus and incentive schemes are reviewed by the Committee to ensure consistency with the Group's purpose, values and strategy.

The full Remuneration Policy is detailed in the table below and contains no material changes to the Policy agreed in 2023:

Component and link to strategy	Operation	Framework to assess performance and maximum opportunity
<p>Salary</p> <p>To provide a competitive and appropriate level of basic fixed pay, sufficient to retain, motivate and attract executive directors of high calibre, able to develop and execute the Group's strategy.</p>	<p>Normally reviewed annually, with any changes typically taking effect from 1 April.</p> <p>The Committee sets salaries at competitive rates, taking into consideration pay and employment conditions across the Group, the economic environment, the responsibilities and accountabilities of each role, the experience of each individual, his or her marketability and the Group's key dependencies on the individual.</p> <p>Reference is also made to salary levels among relevant construction peers and, other companies of broadly similar size and complexity.</p> <p>The Committee reserves the right to reduce salary levels (and has done so in the past) if the circumstances warrant it.</p>	<p>When reviewing salaries, both Group and individual performance are considered.</p> <p>While there is no prescribed maximum, the Committee's policy on salary increases for executive directors is for increases to be broadly in line with the average across the workforce, unless there is a promotion or material change in role or business circumstances in which case increases may be higher.</p> <p>Salaries for the year ahead are set out in the Annual Report on Remuneration.</p>
<p>Benefits</p> <p>To provide cost-effective and market-competitive benefits.</p>	<p>Benefits provided to executive directors may include entitlements to a Company car or cash equivalent allowance, private medical and permanent health insurance, and life assurance.</p> <p>The benefits provided may be subject to minor amendment from time to time by the Committee and Executive Directors may be allowed to participate in any new benefit plan introduced for the wider workforce on equivalent terms.</p> <p>Where a director is asked to relocate, relocation allowances or similar benefits may be provided.</p> <p>Executives may also be reimbursed for any reasonable expenses (and any income tax payable thereon) incurred in performance of their duties.</p>	<p>The cost of benefit provision varies from year to year, depending on the cost to the Group, and there is no prescribed maximum limit. Benefit costs are monitored and controlled to ensure they remain appropriate and represent a small element of total remuneration costs.</p>
<p>Pension</p> <p>To provide a contribution towards retirement.</p>	<p>The executive directors may each receive contributions to a money purchase pension scheme or salary supplement in lieu of Company pension contributions (or a combination of both).</p>	<p>The rate offered of 8% for the Chief Executive and the Chief Financial Officer is in line with that offered across the employee population. Any new executive director would also receive a pension contribution in line with the wider workforce.</p>

Directors' Remuneration Policy report continued

Component and link to strategy	Operation	Framework to assess performance and maximum opportunity
<p>Annual Bonus Plan</p> <p>Rewards the achievement of stretching annual goals that support the Group's annual and strategic objectives.</p> <p>Compulsory deferral of part of the bonus into shares provides alignment with shareholders.</p>	<p>Executive directors and selected senior management, subject to invitation and approval by the Committee, may participate in the Annual Bonus Plan.</p> <p>For executive directors, two thirds of any bonus earned in excess of 50% of salary is required to be deferred into restricted shares. Although beneficially held by the participants, the restricted shares are legally retained by the trustee of the Galliford Try Employee Benefit Trust (EBT) for three years, and are subject to forfeiture provisions, unless otherwise agreed by the Committee. Subject to continued employment, the restricted shares are legally transferred to participants on the third anniversary of allocation.</p> <p>The Committee operates recovery and withholding provisions within the Annual Bonus Plan, which facilitate the retrieval of payments made to directors and executive management in circumstances of error, material misstatement, misconduct, reputational damage or corporate failure as a result of poor risk management.</p>	<p>The maximum opportunity is 120% of salary for the Chief Executive and 100% of salary for other executive directors.</p> <p>No more than half of the maximum opportunity is earned for target performance. For financial elements, bonuses normally start to be earned from 0% of salary for achieving threshold performance. The Committee may apply a higher threshold where this is appropriate given the nature of particular performance objectives, but this will not exceed 25% of the maximum bonus.</p> <p>Vesting is dependent on achieving specified financial (no less than 50% of the bonus) and strategic or non-financial targets.</p> <p>The Committee may, at its discretion, acting fairly and reasonably, adjust bonus outcomes if it considers the payout is inconsistent with the Company's underlying performance during the year, taking into account factors including safety and ESG.</p> <p>The 2023/24 bonus target incorporates a 12% target for ESG factors which include: people, carbon emission, community and supply chain metrics. For the avoidance of doubt this can be 0% and bonuses may not exceed the maximum levels detailed above.</p> <p>Any use of such discretion would be subject to shareholder consultation if materially to the benefit of the executive management and detailed in the Annual Report on Remuneration.</p>

Component and link to strategy	Operation	Framework to assess performance and maximum opportunity
<p>Long Term Incentive Plan (LTIP)</p> <p>Rewards the achievement of sustained long-term financial and operational performance and is therefore aligned with the delivery of value to shareholders.</p> <p>Facilitates share ownership to provide further alignment with shareholders.</p> <p>Making of annual awards aids retention.</p>	<p>Executive directors may be granted awards under the rules of the LTIP approved by shareholders on 29 November 2019 and adopted by the Company in January 2020. The LTIP provides for awards of free shares in the form of nil or nominal cost options or conditional awards which vest dependent on the achievement of performance conditions and continued service.</p> <p>Any share awards that vest (after allowing for sales to cover any tax liabilities) are subject to a two-year holding period during which time they cannot be sold (unless exceptional circumstances apply).</p> <p>The LTIP provides clawback and malus powers to the Committee, which can facilitate the retrieval of payments made to directors and executive management in circumstances of error, material misstatement, misconduct, reputational damage or corporate failure as a result of poor risk management.</p> <p>Dividends may accrue on LTIP awards over the vesting and holding periods and, subject to the discretion of the Committee, be paid out either as cash or shares on vesting, in respect of the number of shares that have vested.</p>	<p>Performance metrics for FY24 comprise of 75% based on earnings per share and 25% on a full year cash performance metric based on average month-end cash as a % of turnover.</p> <p>The Committee may vary the measures and targets that are included in the plan and the weightings between them from year to year. Measures may be related to financial performance, share price performance and ESG. Any material changes to the choice of measures would be subject to consultation with the Company's major shareholders.</p> <p>The Committee may, at its discretion, acting fairly and reasonably, adjust LTIP vesting outcomes if it considers the payout is inconsistent with the Company's underlying performance over the performance period. For the avoidance of doubt, this can be to zero and vesting may not exceed the maximum levels detailed below. Any use of such discretion would be subject to shareholder consultation if to the benefit of the executive management and detailed in the Annual Report on Remuneration.</p> <p>Under the LTIP rules, the maximum value that may be granted in any financial year to any individual is 150% of salary.</p> <p>Up to 25% of the relevant part of the award may vest for achieving threshold performance.</p>
<p>All-employee schemes</p> <p>To encourage employee share participation.</p>	<p>The Group may from time to time operate tax-approved or other share plans (such as an approved Save As You Earn scheme for the benefit of all staff) for which executive directors could be eligible on the same terms as other staff.</p>	<p>Schemes are generally subject to the limits set by HM Revenue & Customs (HMRC) and may be further limited at the Committee's discretion.</p>

Directors' Remuneration Policy report continued

Component and link to strategy	Operation	Framework to assess performance and maximum opportunity
<p>Shareholding guidelines</p> <p>To ensure the interests of the executive directors are aligned to those of shareholders.</p>	<p>The Group's share retention policy requires executive directors to build and maintain a shareholding equivalent in value to at least 200% of basic salary.</p> <p>Executive directors are required to retain a minimum of half the after tax number of vested share awards (deferred bonus and LTIP) until the guideline is met.</p> <p>On leaving the Company, executive directors are required to retain the lesser of their in-post shareholding guideline and their actual shareholding on departure for two years. This requirement applies to shares earned from share awards granted to executive directors following the 2020 AGM.</p> <p>The Committee will assess the guideline annually and take into account vesting levels and personal circumstances when assessing progress against the guideline.</p>	-
<p>Non-executive fees</p> <p>To provide a competitive and appropriate level of fees sufficient to attract, motivate and retain a Chair and non-executive directors of high calibre.</p>	<p>The Chair is paid a single fixed fee. The remaining non-executive directors are paid a basic fee. Non-executive director's chairing a Board Committee, the Senior Independent Director and the Chair of the Employee Forum are paid an additional fee to reflect their extra responsibilities.</p> <p>The level of these fees is reviewed periodically by the Committee and Chief Executive for the Chair, and by the Chair and executive directors for the non-executive directors.</p> <p>Fees are set taking into consideration market levels in comparably sized FTSE companies and relevant sector peers, the time commitment and responsibilities of the role and the experience and expertise required.</p> <p>Non-executive directors, including the Chair, are entitled to reimbursement of business expenses reasonably incurred in performing their duties (and any personal tax that may become payable).</p> <p>Non-executive directors cannot participate in any of the Group's annual bonus or share plans and are not eligible for any pension entitlements from the Group. The Chair is eligible to participate in the Group's medical assurance plan.</p>	<p>The Committee and the executive directors are guided by the general pay increase for the broader employee population, but on occasions may need to recognise, for example, changes in responsibility or time commitments, whether on a permanent or temporary basis.</p> <p>Current fee levels are disclosed on page 126.</p>

Notes to the policy table

Performance measure selection and approach to target setting

Measures used under the ABP and LTIP are reviewed annually to reflect the Group's main short- and long-term objectives and reflect both financial and non-financial priorities, as appropriate.

Targets applying to the ABP and LTIP are also reviewed annually, based on a number of internal and external reference points. Performance targets are set to be stretching but achievable, with regard to the particular strategic priorities and economic environment in a given year. Under the bonus, target performance typically requires meaningful improvement on the previous year's outturn, and, for financial measures, targets are typically in line with market consensus.

Discretions retained by the Committee in operating incentive plans

The Committee may make minor amendments to the Policy for regulatory, exchange control, tax or administrative purposes or to take account of a change in legislation without obtaining shareholder approval.

The Committee will operate the ABP and LTIP according to their respective rules, the Policy set out above and in accordance with the Listing Rules and HMRC rules where relevant. The Committee, consistent with market practice, retains discretion over a number of areas relating to the

operation and administration of these plans, subject to any limitations set out in the rules of the applicable plan or, in the case of executive directors, in the Policy set out on pages 108 to 116.

These include (but are not limited to) the following:

- who participates in the plans;
- the timing of grant of an award and/or a payment;
- the size of an award and/or a payment;
- the choice of (and adjustment of) performance measures, weightings and targets for each incentive plan in accordance with the Policy set out above and the rules of each plan;
- discretion relating to the measurement of performance in the event of a change of control or reconstruction;
- determination of a good leaver (in addition to any specified categories) for incentive plan purposes based on the rules of each plan and the appropriate treatment under the plan rules; and
- adjustments required in certain circumstances (e.g. rights issues, corporate restructuring, on a change of control and special dividends).

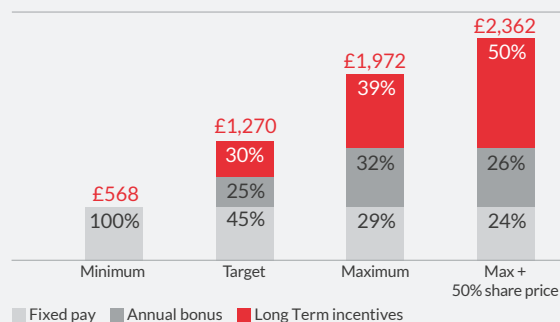
Any use of the above discretions would, where relevant, be explained in the Annual Report on remuneration and may, as appropriate, be the subject of consultation with the Company's major shareholders.

Executive Director remuneration scenarios

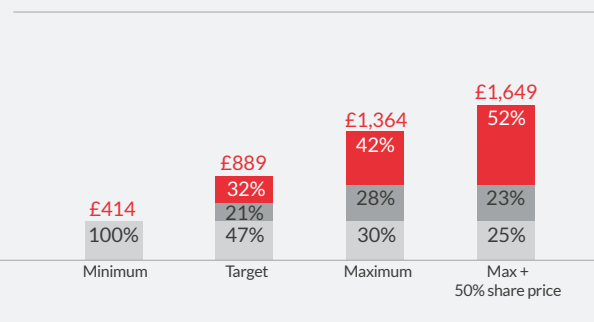
Illustration of application of Remuneration Policy

Remuneration (£000s)

Bill Hocking



Kris Hampson



The individualised potential Executive reward charts have been prepared using the following assumptions:

- For minimum remuneration: Only fixed salary, benefits and pensions payments have been included.
- For on-target remuneration: Fixed salary, benefits and pension plus 50% payout of the ABP and 50% of the LTIP (face value) awards have been included.
- For maximum remuneration: Fixed salary, benefits and pension plus full payout under the ABP and full vesting of the LTIP (face value) awards have been included.

- For maximum plus share price growth: same values as the maximum scenario plus a 50% increase in the value of the LTIP (face value) awards have been included.

Salary levels are based on those applying on 1 April 2024 and the value of taxable benefits is estimated based on the cost of supplying those benefits (as disclosed) for the year ended 30 June 2024. Executive directors can choose to participate in all employee share schemes on the same basis as other employees but, for simplicity, the value that may be received from participating in these schemes has been excluded.

Directors' Remuneration Policy report continued

Policy on recruitment

In cases where the Group recruits a new executive director, the Committee will align the new executive's remuneration with the approved Remuneration Policy. In arriving at a value for individual remuneration, the Committee will take into account the skills and experience of the candidate, the market rate for a candidate of that experience and the importance of securing the preferred candidate.

The Committee also has the discretion to meet certain other incidental expenses (for example, relocation costs and travel and subsistence payments) to secure recruitment of preferred candidates. Further details of the Recruitment Policy are set out in the table below.

Element	General policy	Specifics
Salary	At a level required to attract the most appropriate candidate.	Discretion to pay lower base salary with incremental increases (potentially above the average increase across the Group), as the new appointee becomes established in the role.
Pension and benefits	In line with the policy for existing executive directors.	In line with the Policy, pension contribution rates will be aligned with those offered across our employee population. Relocation expenses or allowance, legal fees and other costs relating to recruitment may be paid as appropriate.
ABP	In line with existing schemes.	Where a director is appointed part way through a financial year, different performance measures could be introduced to reflect the change in role and responsibilities. The annual bonus limit remains at 120% of base salary for a Chief Executive and 100% for other directors. Pro-rating applies as appropriate for intra-year joiners. Where an individual is appointed to the Board, different performance measures from those for continuing directors may be set for the period of time remaining in that performance year.
LTIP	In line with Group policies and LTIP rules.	An award of up to 150% of salary may be made in accordance with the Remuneration Policy. An award may be made in the year of joining or can be delayed until the following year. Targets would normally be the same as for awards to other directors.
Other share awards	The Committee may make an incentive award to replace deferred pay forfeited by an Executive leaving a previous employer.	Awards would, where possible, be consistent with the awards forfeited in terms of structure, value, vesting periods and performance conditions.

The Committee reserves the right to award additional remuneration in excess of the Remuneration Policy at appointment, exclusively to replace lost rewards or benefits. In determining the appropriate form and amount of any such award, the Committee will consider various factors, including the type and quantum of award, the length of performance period, and the performance and vesting conditions attached to each forfeited incentive award. The maximum payment (which may be in addition to the normal variable remuneration) should be no more than the Committee considers is required to provide reasonable compensation to the incoming director.

The Committee may make use of the flexibility provided in both the Listing Rules and the approved Remuneration Policy, to make awards outside the existing parameters of the LTIP.

For internal promotions to executive director positions, the Committee's policy is for legacy awards or incentives to be capable of vesting on their original terms (which may involve participation in schemes that operate exclusively for below Board employees) or, at the discretion of the Committee, they may be amended to bring them into line with the policy for executive directors.

For a new non-executive chair or non-executive director, the fee arrangement would be set in accordance with the approved Remuneration Policy.

Directors' service contracts and policy for payments to departing executive directors

The service contracts and letters of appointment for the Board directors serving as at 30 June 2024 are detailed below:

	Contract date ¹	Notice period ^{2,3} (months)
Non-executive directors		
Marisa Cassoni	3 January 2020	6
Alison Wood	1 April 2022	6
Sally Boyle	1 May 2022	6
Michael Topham	1 June 2023	6
Kevin Boyd	1 March 2024	6
Executive directors		
Bill Hocking	3 January 2020	12

1 Date shown is the director's contract as an executive or non-executive director of the Group. Executive directors have a rolling notice period as stated.

Non-executive appointments are reviewed after three years and their appointments are subject to a rolling notice period as stated. All directors will stand for election or re-election at the 2024 AGM.

2 Kris Hampson, Chief Financial Officer, has a contract start date of 2 September 2024 and has a 12 month rolling notice period.

3 There are no contractual provisions requiring payments to directors on loss of office or termination, other than payment of notice periods. The Committee may seek to mitigate such payments where appropriate.

4 Subject to the Nomination Committee's recommendation, the Group's practice is to agree notice periods of no more than six months for non-executive directors and no more than 12 months for executive directors.

The executive directors' service contracts and letters of appointment for the non-executive directors are available at the Group's registered office and will be available for inspection immediately prior to and during the 2024 AGM.

For executive directors, at the Group's discretion, a sum equivalent to 12 months' salary and benefits may be paid in lieu of notice. The contracts include mitigation provisions to pay any such lump sum in monthly instalments, subject to offset against earnings elsewhere. This will also be the case for any future appointments.

An executive director's service contract may be terminated summarily without notice and without any further payment or compensation, except for sums accrued up to the date of termination, if they are deemed to be guilty of gross misconduct or for any other material breach of the obligations under their employment contract.

The Group may suspend executive directors or put them on a period of gardening leave during which they will be entitled to salary, benefits and pension.

For 'good leavers', bonuses may be payable pro rata for the proportion of the financial year worked, at the Committee's discretion. Depending on the circumstances, the Committee may consider additional payments in respect of an unfair dismissal award, outplacement support and assistance with legal fees.

Any share-based entitlements granted to an executive director under the Group's share plans will be determined based on the relevant plan rules. The default treatment is that any outstanding awards lapse on cessation of employment. However, 'good leaver' status can be applied at the Committee's discretion, taking into account the individual's performance and the reasons for their departure.

For 'good leavers', LTIP awards may vest at the normal time (other than by exception) to the extent that the performance conditions have been satisfied. The level of vested awards will be reduced pro rata, based on the period of time after the grant date and ending on the date employment ceased relative to the three-year performance period, unless the Committee, acting fairly and reasonably, decides that such a scaling back is inappropriate in any particular case. Deferred bonus shares of 'good leavers' vest on cessation of employment.

On a change in control, LTIP awards may vest based on the Committee's determination of the extent to which the performance conditions have been satisfied based on performance to date. The level of vested awards will be reduced pro rata based, unless the Committee acting fairly and reasonably, decides that such a scaling back is inappropriate in any particular case. Deferred bonus shares will vest in full. The overriding principle will be to honour contractual remuneration entitlements and determine on an equitable basis the appropriate treatment of deferred and performance-related elements of remuneration, taking into account the circumstances. Failure will not be rewarded.

Directors' Remuneration Policy report continued

External directorships

Any additional external appointments can only be undertaken with the Board's written approval and if time and commitments allow. Executive directors require the Board's approval to accept external appointments as non-executive directors and retain any associated fees.

Shareholder consultation

Where appropriate, the Committee will consult relevant institutional shareholders in advance of substantial changes to the Policy or individual executive director remuneration packages. Relevant institutional shareholders were consulted ahead of the introduction of the current Remuneration Policy, which was approved at the 2023 AGM.

Wider workforce remuneration and how the views of employees have been taken into account

When setting pay for the executive directors, the Committee considers remuneration structures elsewhere in the Group, including the overall salary increase budget and incentive structures. The Committee also takes into account available market sector data obtained through benchmarking, as well as Government policies and advice from the Executive management team.

The total package on offer remains competitive at all levels of the Group. The comprehensive range of benefits includes flexible working arrangements, a minimum of 28 days' holiday and the opportunity to purchase further days, as well as a pension plan, paid volunteering days, car allowance, a regular SAYE scheme and health insurance plan. These wider benefits are communicated to staff via Galileo, the Company's intranet system, and via the Employee Value Proposition, a summary letter to all employees detailing the wider benefits available.

The Board does not consult employees on executive remuneration but does ensure it understands employee views on matters including rewards and benefits, which are an agenda item for the Employee Forum. The Employee Forum is chaired by Sally Boyle, Remuneration Committee Chair and also discusses business updates and feedback from employee representatives on key topics such as people and engagement initiatives, communication and wellbeing, as well as reward and benefits.

The Employee Forum ensures employees have a voice in the Boardroom, strengthens internal communications, enables employees to offer ideas, champions change and supports good governance. It can also act as a representative body for communicating with employees and obtaining feedback about matters that may affect their employment. Further information on the Employee Forum can be found on page 87-88.

Annual report on Remuneration

This part of the Directors' Remuneration report sets out how the Remuneration Policy was implemented over the year ended 30 June 2024. It will be put to an advisory vote at the 2024 AGM. Certain sections of this annual report on remuneration have been subject to audit.

The Directors' Remuneration report has been prepared in accordance with The Companies (Directors' Remuneration Policy and Directors' Remuneration Report) Regulations 2019 (applying to financial years starting on or after 10 June 2019), the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations (Amended) 2013 and the Financial Conduct Authority's Listing Rules. The auditor is required to report on the remuneration data disclosed in the Directors' Remuneration report section and state whether, in its opinion, that part of the report has been properly prepared in accordance with relevant provisions of the Companies Act 2006 (as amended).

Directors' remuneration and single-figure annual remuneration (audited)

The remuneration of the directors serving during the financial year, together with 2023 comparative figures, was as follows:

	Salary and fees £000		Taxable benefits ¹ £000		Pensions ² £000		Total fixed remuneration £000		Annual bonus ⁷ £000		LTIP £000		Sharesave £000		Total variable remuneration £000		Total remuneration £000	
	2024 ³	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023 ⁴	2024	2023	2024	2023	2024	2023
Executive directors																		
Bill Hocking	502	480	6	3	40	38	548	521	558	401	845	1,507	-	-	1,403	1,908	1,951	2,429
Non-executive directors																		
Marisa Cassoni	63	56	-	-	-	-	63	56	-	-	-	-	-	-	-	-	63	56
Alison Wood	183	149	-	-	-	-	183	149	-	-	-	-	-	-	-	-	183	149
Sally Boyle	53	47	-	-	-	-	53	47	-	-	-	-	-	-	-	-	53	47
Michael Topham	49	4	-	-	-	-	49	4	-	-	-	-	-	-	-	-	49	4
Kevin Boyd ⁵	16	-	-	-	-	-	16	-	-	-	-	-	-	-	-	-	16	-
Former directors																		
Andrew Duxbury ⁶	370	390	3	2	21	24	394	416	-	272	-	1,224	-	-	394	1,496	394	1,912
Terry Miller	21	69	-	-	-	-	21	69	-	-	-	-	-	-	-	-	21	69
Gavin Slark	-	35	-	-	-	-	-	35	-	-	-	-	-	-	-	-	-	35
Peter Ventress	-	46	-	-	-	-	-	46	-	-	-	-	-	-	-	-	-	46

1 Includes the value of benefits such as car allowance and medical insurance.

2 This is a salary supplement paid to the directors in lieu of direct pension contributions.

3 Salaries for the non-executive directors increased by 4% and the salary for Bill Hocking increased by 4.73%. This is below the average salary increase budget across the workforce of 5%.

4 The 2022 LTIP awards vested on 13 March 2023. The LTIP figures reported in 2022 and the corresponding single figure for that year were based on an estimated share price, using share price over the three months to 30 June 2022. These have now been updated with the actual value at vesting of £884,000 for Bill Hocking and £718,000 for Andrew Duxbury, using the share price as at the date of vesting of £1.70.

5 The fee paid to Kevin Boyd has been pro-rated to reflect that he joined on 1 March 2024.

6 Andrew Duxbury resigned from the Board on 31 May 2024. The payment above reflects his time in the role of Finance Director and Andrew did not receive a salary increase during the year. Details of his leaving arrangements are set out on page 120. His outstanding LTIP and deferred bonus awards lapsed with immediate effect and no bonus is payable for 2023/24.

7 The annual bonus figure quoted is the total bonus including the deferred share element associated with the performance conditions in that year. See page 110 for further explanation of the rules relating to the Annual Bonus Plan.

Annual report on Remuneration continued

2024 Annual bonus outcome (audited)

For the financial year ended 30 June 2024, the annual bonus measures, targets, weightings and performance are set out in the table below.

Senior management was subject to similar targets, which were applied to their respective business performance.

Measure	Weighting	Performance target			Actual performance	Payout % of bonus maximum
		Threshold (% of maximum bonus)	On-target (% of maximum bonus)	Maximum (% of maximum bonus)		
Pre-exceptional full year Group profit before tax	45%	£27.6m (0%)	£29.0m (22.5%)	£33.4m (45%) ²	£32.7m	41.4%
Pre-exceptional half year Group profit before tax	15%	£11.7m (0%)	£13.m (7.5%)	£15.0m (15%)	£15.6m	15%
Group cash management	20%	95% of budget (10%)	100% of budget (10%)	110% of budget (20%)	110%	20%
Construction order book	8%	83.0% secured (0%)	85.0% secured (4%)	87.0% secured (8%)	92% secured	8%
ESG¹:						
Employee: based on employee advocacy	3%	<80% (0%)	>80% (3%)	>80% (3%)	87%	3%
Carbon emissions: based on annual reduction of scope 1 and 2 emissions (marked based).	3%	5% reduction (0%)	7.5% reduction (1.5%)	10% reduction (3%)	2.5% reduction	0%
Community: based on CCS score	3%	<38 (0%)	>38 (3%)	>38 (3%)	42.9	3
Supply chain: payment of supply chain invoices within 60 days	3%	<95% (0%)	>95% (3%)	>95% (3%)	95.6%	3
Health and safety: based on discretionary assessment of H&S performance	Underpin	Discretionary adjustment				
Total payout (% of maximum bonus)	100.0%	10%	54.5%	100%		93.4%

1 The ESG metrics are aligned to the Group's published strategy with the targets based on industry guidelines, averages or the Group's stated ambition. The 2021 carbon comparative metric was re-instated in 2023 onwards to incorporate the operation of nmcn (acquired October 2021).

2 Pre-exceptional full year Group profit before tax excluding the loss arising on a one-off contract settlement.

The Group achieved a strong performance against targets set at the start of the financial year. Taking into account the Group's profitability and enhanced dividends to shareholders, the Committee determined that the bonus level produced by the scorecard of 93.4% is an appropriate reward given the Group's operational and financial performance. This treatment is consistent with that applied for all participants of the ABP. The ABP 23/24 bonus target in 2023 onwards incorporated a 12% target for ESG factors which include: people, carbon emission, community and supply chain metrics. Under the approved Policy, the Committee may, at its discretion, acting fairly and reasonably, adjust bonus outcomes if it considers the payout is inconsistent with the Group's performance during the year, taking into account factors including safety and ESG. In considering bonus awards the Committee took the Group's health and safety performance and ESG initiatives into consideration. The Group achieved an overall Accident Frequency Rate ("AFR") of 0.04 for 2023/24, (AFR for 2022/23: 0.09) with 13 of the 19 business units achieving an AFR of zero during the year.

The Committee determined that, in respect of the year to 30 June 2024, the resulting annual bonus awards were as follows:

	On-target bonus (% of salary)	Maximum bonus (% of salary)	Actual bonus payable for 2023/24 (£000)	Cash (£000)	Shares (£000)
Bill Hocking	93.4%	120%	558	350	208
Former Director					
Andrew Duxbury ¹	-	100%	-	-	-

¹ Andrew Duxbury resigned from the Board on 31 May 2024 and no bonus was paid for the 2023/24 financial year.

Two-thirds of the bonus earned in excess of the 50% of salary threshold is required to be deferred into restricted shares. Although beneficially held by the participants, the allocated restricted shares are legally retained by the Employee Share Trust and are subject to forfeiture provisions, unless otherwise agreed by the Committee. Subject to continued employment, the restricted shares are legally transferred to participants on the third anniversary of allocation. Recovery provisions apply at any time within the three-year period post-vesting or payment of cash bonuses in circumstances or error, material misstatement, misconduct, reputational damage or corporate failure as a result of poor risk management.

LTIP awards vesting in September 2024 (audited)

The LTIP awards granted to Bill Hocking and Andrew Duxbury on 23 September 2021 were based on 75% underlying EPS performance and 25% on average month-end cash as a percentage of annual turnover over the three years to 30 June 2024. In total, 88.2% of the maximum award vested as a result of the performance achieved. The Committee was satisfied that this outcome reflected the true performance of the Group and no discretion was applied. The awards will be subject to a two-year post vesting holding period in accordance with the existing Remuneration Policy. More details on each of the performance conditions are set out below.

	Threshold EPS condition (25% vesting)	Stretch EPS condition (100% vesting)	Actual performance	Threshold average month-end cash condition (25% vesting)	Stretch average month-end cash condition (100% vesting)	Actual performance	% of overall award vesting	Value of award vesting ² (£000)	Element of value attributable to share growth ² (£000)
Bill Hocking	15.9p	19.5p	27.9p	8%	10%	8.7%	88.2%	845	238
Former Director									
Andrew Duxbury ³	15.9p	19.5p	n/a	8%	10%	n/a	-	-	-

¹ As a percentage of annual turnover.

² Estimated based on the average share price over the three months to 30 June 2024.

³ Andrew Duxbury resigned from the Board on 31 May 2024. Details of his leaving arrangements are set out on page 120. His outstanding LTIP awards lapsed with immediate effect.

Annual report on Remuneration continued

Directors' share plan interests (audited)

Outstanding awards held by Bill Hocking and Andrew Duxbury during the year are detailed in the table below.

Director	Plan	Grant date	Share price at grant	Number of awards outstanding at 1 July 2023	Granted	Vested	Lapsed	Number of awards outstanding at 30 June 2024	Value of awards vested during financial year £000	Actual or anticipated vesting date
Bill Hocking	LTIP ¹	23.09.20	£0.80	843,750	-	820,125	23,625	-	£1,935,495	23.09.23
	LTIP	23.09.21	£1.788	385,067	-	-	-	385,067	-	23.09.24
	ABP ³	23.09.21	£1.7694	118,684	-	-	-	118,684	-	23.09.24
	LTIP	23.09.22	£1.61	442,546	-	-	-	442,546	-	23.09.25
	ABP ⁴	28.09.22	£1.60	133,875	-	-	-	133,875	-	28.09.25
	LTIP	25.09.23	£2.36	-	315,572	-	-	315,572	-	25.09.26
	ABP ⁵	27.09.23	£2.349	-	46,462	-	-	46,462	-	27.09.26
Former Director										
Andrew Duxbury ⁶	ABP ²	23.09.20	£0.8442	-	-	52,969	-	-	£124,424	23.09.23
	LTIP ¹	23.09.20	£0.80	685,593	-	666,396	19,197	-	£1,572,695	23.09.23
	LTIP	23.09.21	£1.788	312,919	-	-	312,919	-	-	n/a
	ABP ³	23.09.21	£1.7694	69,015	-	-	69,015	-	-	n/a
	LTIP	23.09.22	£1.61	359,627	-	-	359,627	-	-	n/a
	ABP ⁴	28.09.22	£1.60	-	77,708	-	77,708	-	-	n/a
	LTIP	25.09.23	£2.36	-	256,461	-	256,461	-	-	n/a
ABP ⁵	27.09.23	£2.349	-	22,335	-	22,335	-	-	n/a	

1 Awards are based on a maximum percentage of salary. The number of shares shown in the table represents the maximum number of shares, ie 150% of salary.

2 In accordance with the rules of the Annual Bonus Plan, the average of the Company's closing share price for the five business days following (and including) the announcement of the annual results on 16 September 2020 was 84.42 pence.

3 In accordance with the rules of the Annual Bonus Plan, the average of the Company's closing share price for the five business days following (and including) the announcement of the annual results on 16 September 2021 was 176.94 pence.

4 In accordance with the rules of the Annual Bonus Plan, the average of the Company's closing share price for the five business days following (and including) the announcement of the annual results on 21 September 2022 was 160 pence.

5 In accordance with the rules of the Annual Bonus Plan, the average of the Company's closing share price for the five business days following (and including) the announcement of the annual results on 27 September 2023 was 234.90 pence.

6 The ABP and LTIP 'inflight' awards for Andrew Duxbury lapsed on the date of his resignation and departure from the Company on 31 May 2024.

Payments to former directors

Andrew Duxbury resigned and left the Group on 31 May 2024. Under the terms of his exit arrangements, he continued to receive his salary and contractual benefits up to 31 May 2024. The total remuneration received amounted to £392,967. He was not eligible for prorated annual bonus payment in respect of his time served during the 2023/24 financial year, and his outstanding awards under the LTIP made in each of September 2021, 2022 and 2023 lapsed. His restricted shares granted to him in respect of the Annual Bonus Plan for the financial years ended 30 June 2021, 2022 and 2023 also lapsed.

Terry Miller resigned from the Board during the year and, in line with Policy, received her fee up to 31 October 2023.

Awards granted during the year (audited)

On 25 September 2023, the following conditional LTIP awards were made to Bill Hocking and Andrew Duxbury. The award to Andrew Duxbury has since lapsed.

Director	Date of grant	Number of shares awarded	Basis of award	Share price used to determine level of award £	Face value £
Bill Hocking	25 September 2023	315,572	150% of base salary	£2.36	744,750
Former Director					
Andrew Duxbury	25 September 2023	256,461	150% of base salary	£2.36	605,248

The performance conditions attached to these awards made in September 2023 are as follows:

Date of grant	Performance conditions
September 2023	<p>Vesting of up to 75% of the award is based on underlying EPS. 25% of the element will vest for 28.6p, increasing to 100% vesting on a straight-line basis if 34.5p underlying EPS is achieved during the final year of the three-year performance period (1 July 2025 to 30 June 2026).</p> <p>Vesting of up to 25% of the award is based on average month-end cash as a percentage of annual turnover in the year ending 30 June 2025. 8% would generate 25% of the element vesting and 10% would generate 100% vesting on a straight-line basis.</p> <p>Any shares which vest will be subject to a two-year post-vesting holding period, in accordance with the Remuneration Policy.</p> <p>Malus and clawback apply at any time within a three-year period post-vesting, in the case of material misstatement, misconduct, reputational damage or corporate failure as a result of poor risk management.</p>

Directors' share interests (audited)

As at 30 June 2024, the Directors held the following beneficial, legal and unvested ABP interests in the Group's ordinary share capital.

Measure	Legally owned ¹		LTIP (unvested)	Deferred bonus awards (unvested)	Total 30.6.24	% of salary held under share ownership guidelines ²
	30.6.24	30.6.23				
Executive directors						
Bill Hocking	826,221	391,555	1,143,185	299,021	2,268,427	498%
Non-executive directors						
Marisa Cassoni	-	-	-	-	-	n/a
Alison Wood ³	-	-	-	-	-	n/a
Sally Boyle ³	-	-	-	-	-	n/a
Michael Topham ³	-	-	-	-	-	n/a
Kevin Boyd ³	8,000	-	-	-	-	n/a

1 Either held by the individual or connected persons.

2 Under the current Remuneration Policy, the share ownership guideline for executive directors is 200% of base salary.

3 Alison Wood and Sally Boyle joined the Board on 1 April and 1 May 2022. Michael Topham joined the Board on 1 June 2023 and Kevin Boyd joined 1 March 2024.

4 Kris Hampson joined the Board on 2 September 2024 and held 6,250 shares in the Company on appointment.

There were no changes in the directors' interests from 30 June 2024 to the date of this Annual Report.

Annual report on Remuneration continued

Performance graph

The graph shows the TSR for Galliford Try shares over the last 10 financial years. It shows the value to 30 June 2024 of £100 invested in the Galliford Try on 30 June 2014 compared with the value of £100 invested in the FTSE All-Share Index, this being a broad-market index of which the Company has been a constituent over the full period shown.

The closing mid-market quotation for the Company's shares on 28 June 2024, the nearest trading day to 30 June 2024 was 230.0p. The high and low during the year were 192.6p and 275.0p.

The total gross remuneration of the Chief Executive and the percentage achieved of the maximum ABP and LTIP awards are shown in the table below for the past 10 financial years.

	2015 ¹	2016	2017	2018	2019 ²	2020 ³	2021	2022	2023	2024	
2024	Chair		Chief Executive								
Total remuneration (£000)	2,811	1,262	1,461	1,043	1,448	824	660	1,027	1,937	2,429	1,951
Annual bonus (% of maximum)	79%	74%	74%	46.3%	86.5%	57.0%	36.7%	100.0%	100%	70.4%	93.4%
LTIP (% of maximum)	63%	47%	-	16.5%	36.6%	16.5%	-	-	89%	97.2%	88.2%

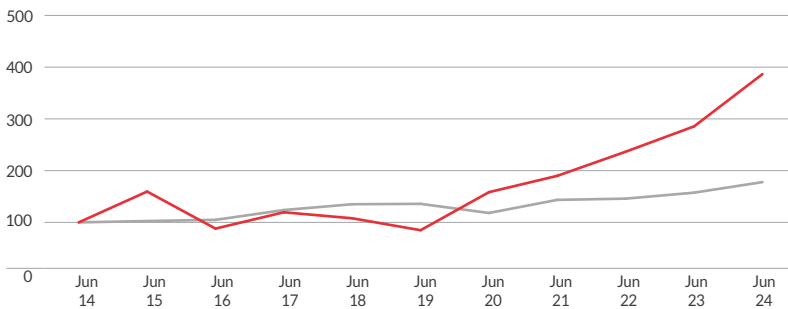
1 Peter Truscott was appointed Chief Executive on 1 October 2015. His predecessor, Greg Fitzgerald, was Chief Executive until 21 October 2014, and Executive Chair until 31 December 2015. Peter Truscott stepped down as Chief Executive and from the Board on 26 March 2019.

2 Graham Prothero was appointed Chief Executive on 26 March 2019, succeeding Peter Truscott. He stepped down from the Board and as Chief Executive following the successful completion of the sale of the housebuilding divisions to Vistry Group plc on 3 January 2020.

3 Bill Hocking was appointed Chief Executive on 3 January 2020. A full-year remuneration figure based on the aggregate paid to Bill and Graham is shown here to aid comparison.

Total Shareholder Return graph

Value (£) (rebased)



■ Galliford Try ■ FTSE All Share

Source: Datastream from Refinitiv

CEO pay ratios

Under Option B (gender pay data), three employees have been identified as the best equivalents to represent the lower, median and upper quartiles. Option B provides a clear methodology involving fewer adjustments to calculate full-time equivalent earnings.

Year	Method	CEO single figure	All UK employees	Lower quartile	Median	Upper quartile
2019/20	Option B	£660,587	Ratio	24:1	15:1	9:1
			Total pay	£27,407	£43,165	£74,351
			Salary	£25,500	£35,249	£61,057
2020/21	Option B	£1,026,671	Ratio	27:1	19:1	14:1
			Total pay	£37,399	£54,374	£73,385
			Salary	£36,134	£43,781	£66,927
2021/22	Option B	£1,936,788	Ratio	62:1	36:1	26:1
			Total pay	£31,128	£53,976	£73,920
			Salary	£27,875	£44,720	£62,275
2022/23	Option B	£2,428,970	Ratio	66:1	45:1	31:1
			Total pay	£36,562	£54,444	£79,638
			Salary	£29,411	£48,003	£65,950
2023/24	Option B	£1,950,670	Ratio	44:1	35:1	27:1
			Total pay	£44,125	£55,120	£72,918
			Salary	£42,272	£49,554	£66,725

The Chief Executive figure includes earnings from the Long-Term Incentive Plan. Long-term incentives are operated for the most senior Group employees only, namely, those responsible for strategy development and execution. The payouts from such plans are expected to be volatile from cycle to cycle.

The Committee is comfortable that the resulting calculations are representative of pay levels at the respective quartiles and that the applicable relativities are appropriate given the profile of the workforce.

Annual report on Remuneration continued

Percentage change in remuneration of executive directors and non-executive directors

The table below shows the percentage change in salary or fee, taxable benefits and annual bonus of each individual director in respect of the financial years ended 30 June 2024, 30 June 2023, 30 June 2022 and 30 June 2021:

	Year ended 30 June											
	2024			2023			2022			2021		
	Salary change ⁴	Benefits change ²	Bonus change	Salary change ⁴	Benefits change	Bonus change ⁴	Salary change ⁶	Benefits change	Bonus change ⁶	Salary change ¹⁰	Benefits change	Bonus change ¹⁰
Executive directors												
Bill Hocking	4.6%	(31.3)%	65.8%	3.7%	50.0%	(27.2)%	2.9%	203.3%	2.0%	119.5%	(85.5)%	449.8%
Non-executive directors												
Marisa Cassoni	4.0%	n/a	n/a	3.7%	n/a	n/a	3.0%	n/a	n/a	(1.1)%	n/a	n/a
Alison Wood ³	4.0%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Sally Boyle ³	4.0%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Michael Topham ⁵	4.0%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Kevin Boyd ⁷	0.0%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Former directors												
Peter Ventress	n/a	n/a	n/a	(77.7)%	n/a	n/a	1.9%	n/a	n/a	5.0%	n/a	n/a
Terry Miller ⁸	0.0%	n/a	n/a	3.0%	n/a	n/a	7.5%	n/a	n/a	15.3%	n/a	n/a
Gavin Slark	n/a	n/a	n/a	(22.2)%	n/a	n/a	3.0%	n/a	n/a	5.0%	n/a	n/a
Andrew Duxbury ⁹	n/a	n/a	n/a	3.7%	0.0%	(27.1)%	2.6%	(70.0)%	1.9%	4.9%	(70.9)%	46.5%
P50 median employee	3.2%	(85.7)%	50%	7.3%	7.9%	(52.4)%	2.1%	(11.1)%	40.0%	24.2%	4.5%	50.0%

1 Salaries for the non-executive directors were increased by 4.0% with effect from 1 April 2024. The salary for Bill Hocking was increased by 4.73% on 1 April 2024. There was no salary increase for Andrew Duxbury due to his resignation.

2 Benefits received include pension contributions (or cash equivalent), company car (or equivalent cash allowance), and private medical insurance. Executive directors and senior management, subject to invitation and approval by the Committee, may participate in the ABP and LTIP.

3 The percentage change is not shown for Alison Wood or Sally Boyle in 2023 and 2022 as they were appointed to the Board on 1 April 2022 and 1 May 2022 respectively and there was no prior year remuneration to compare against.

4 Please see page 114 in our 2023 Annual Report for further information.

5 Michael Topham was appointed to the Board on 1 June 2023 so there is no information showing in 2023 or 2022 as no prior year remuneration to compare against.

6 Please see page 98 in our 2022 Annual Report for further information.

7 The percentage change is not shown for Kevin Boyd as he was appointed to the Board on 1 March 2024 and there is no prior year remuneration to compare against.

8 Terry Miller resigned on 31 October 2023.

9 Following the resignation of Andrew Duxbury on 31 May 2024, Andrew received no payments for loss of office.

10 Please see note 3 page 83 in our 2021 Annual Report for further information.

To allow for comparison, the Committee has elected to compare the total remuneration of the P50 median employee (median) from this year (2023/24) with that used last year. The Committee continues to ensure that the wider total package on offer to employees remains competitive at all levels.

Relative importance of spend on pay

	2022/23	2023/24	Change
Total overall spend on pay (£m)	256.7	284.2	27.5m
Dividends (£m)	9.6	24.2	14.6m
Share buyback (£m)	10.6	4.4	6.2m
Group corporation tax charge (£m) ¹	3.1	4.8	1.7m
Effective tax rate (%)	15.1	14.6	0.5pts

1 Pre-exceptional total tax.

The equivalent total overall spend on pay in 2023/24 is disclosed in note 5 to the financial statements. The total overall spend on pay equates to average remuneration per staff member of £68,947 per annum as at 30 June 2024 (2023: £68,508).

Composition of the Remuneration Committee and attendance

In addition to the Chair, Sally Boyle, the other Committee members were Marisa Cassoni, Alison Wood, Michael Topham and Kevin Boyd who joined on 1 March 2024. The General Counsel & Company Secretary acts as Secretary to the Committee. The Chief Executive has a standing invitation to attend all Committee meetings, although each meeting commences with the non-executive directors meeting without Executive management present. The HR Director attends certain meetings at the invitation of the Committee. No director nor the General Counsel & Company Secretary is present when his or her own remuneration is being considered. Attendance at Committee meetings is shown in the table on page 93.

The Committee is governed by formal terms of reference agreed by the Board and is composed solely of non-executive directors. The terms of reference were reviewed during the year and are available on the Group's website (www.gallifordtry.co.uk).

Remuneration advice and advisers

The Committee is informed of key developments and best practice in the field of remuneration and obtains advice from independent external consultants, when required. Mercer Limited (Mercer) was the Committee's remuneration consultant throughout the year. Fees paid to Mercer during the financial year were £13,300 (2023: £37,660).

Mercer does not provide any other services to the Group, although Mercer is part of Marsh & McLennan Companies, a subsidiary of which, Marsh JLT Specialty Limited, provides insurance broking services to the Group. The Committee is satisfied that these services do not impinge on Mercer's independence. Furthermore, Mercer is a signatory to the Remuneration Consultants' Code of Conduct, which requires that its advice be objective and impartial.

The General Counsel & Company Secretary also advises the Committee as necessary and, where appropriate, makes arrangements for the Committee to receive independent legal advice at the request of the Chair.

Employee Share Trust and dilution

The Employee Share Trust ("EST") is the primary mechanism by which shares required to satisfy the Executive incentive plans are provided. Following the announcement of the 2023 full-year results in September 2023, the EST entered into a six-month trading plan with the Company from September 2023 to March 2024. The EST instructed Peel Hunt LLP to acquire ordinary shares of 50 pence each in the Company for the Trust. Purchases were made at the best price. The shares are to be used to satisfy potential future vesting(s) to be made to employees under the various Executive share incentive schemes.

As at 30 June 2024, the EST held 3,824,949 ordinary shares in the capital of the Company (3.68%) (2023: 3,705,343 shares). Under the terms of the Trust Deed, the Trust may only hold up to a maximum of 5% of the issued shares in the Company.

During the financial year, 1,323,592 new shares were issued arising from share scheme-related activities under the SAYE share option scheme. As at 30 June 2024, the total number of shares outstanding under the SAYE share option scheme was 2,806,642. The Group has complied with the dilution guidelines of the Investment Association ("Guidelines").

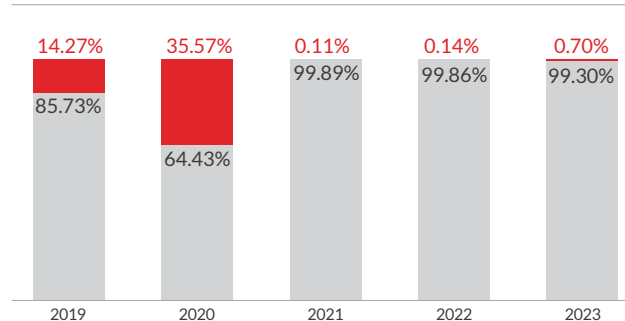
Applying the Guidelines, the Group has used 4.04% of the 10% headroom in 10 years' rule and, on the basis that the Group's practice is that all awards granted pursuant to discretionary plans are satisfied using shares purchased in the market, the Group has not used any of the headroom against the '5% in 10 years' rule for discretionary plans.

Shareholder voting on the Directors' Remuneration Report

The Committee takes account of annual shareholder voting trends in connection with the Directors' Remuneration report. Votes cast in support of the annual advisory resolution to approve the Directors' Remuneration report during the past five AGMs are included in the chart below.

Votes cast

(%)



The Board will continue to engage with shareholders to ensure their views are fully understood and considered and can be taken into account by the Committee in the future. The Committee and Board are grateful to shareholders for the strong support provided.

The current Policy was approved by 99.3% of shareholders who voted at the 2023 AGM and the advisory vote on the Annual Report on Remuneration was supported by 94.88%.

Annual report on Remuneration continued

Forward-looking implementation of policy

Base salaries

The 2024/25 salary review was completed in April 2024. The Committee carefully scrutinised pay and conditions across the Group. Taking into account market conditions, peer group comparisons and the Group's overall performance, the overall pay budget increased by 5.0%. With effect from 1 April 2024, Bill Hocking's annual salary increased from £496,500 to £520,000, an increase of 4.73%, the increase being in line with the average pay increase across the workforce. Andrew Duxbury was not awarded an annual salary increase due to his resignation on 31 May 2024. Kris Hampson was appointed on a salary of £380,000 on 2 September 2024.

ABP

For the financial year to 30 June 2025, the Committee has determined that the existing bonus structure remains appropriately aligned to corporate strategy. It will therefore remain in its current form, with an opportunity of 120% of salary for the Chief Executive, and 100% for other executive directors.

Bonus outcomes will be subject to overall Committee discretion, taking into account factors including health and safety and the underlying performance of the Group. The Committee intends to continue to include ESG annual bonus measures in 2024/54 aligned to the Group's strategy on ESG, with an ESG target in total of 12%. The ESG measures will comprise order book, employees, carbon, community and supply chain.

LTIP

Any award granted to the executive directors in 2024 will be within the approved Remuneration Policy and based on performance metrics, with 75% based on earnings per share and 25% on average month-end cash as a percentage of revenue.

Performance measures applied over a three-year performance period to 30 June 2027 are:

- 25% of the EPS element will vest if underlying EPS is 33.9%, increasing to 100% vesting on a straight-line basis if 41.5p is achieved.
- 25% of the cash element will vest if average month-end cash is 8% of revenue, increasing to 100% vesting on a straight-line basis if 10% is achieved.

Chair and non-executive directors' fees

The Committee determined that the Chair's fee for 2024/25 would be increased by 4%. In addition, and following a review of the non-executive directors' fees by the Board, it was agreed that the non-executive directors' fees would increase by 4.0%.

Accordingly, the annual fees effective from 1 April 2024 are as follows:

	2024	2023	Increase/Change %
Chair	£190,190	£182,875^{1,2}	4.0%
Non-executive directors			
Base fee	£50,752	£48,803	4.0%
Additional fees:			
Senior Independent Director	£5,065 ³	£4,870	4.0%
Chairs of Board Committees	£9,545	£9,178	4.0%
Chair of Employee Forum	£4,787	£9,178 ⁴	4.0%

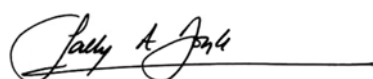
1 Alison Wood was appointed as Non-executive Director on 1 April 2022 and her salary on 1 July 2022 was £46,701. Alison Wood became the new Chair on 21 September 2022 after Peter Ventress had stepped down. As of 21 September 2022 the Chair's basic fee was £175,000. Alison Wood received a 4.5% fee increase on 1 April 2023 in line with the rest of the Board. Alison Wood received no other benefits in connection with her position as Chair.

2 On 1 April 2022 Peter Ventress was Chair and received a fee of £206,128. Peter Ventress received no benefits in connection with his position as Chair, other than membership of the Group's medical insurance plan.

3 On 1 November 2023, Marisa Cassoni became the Senior Independent Director, following the resignation of Terry Miller, and received an additional payment of £4,870.

4 On 1 June 2023 Sally Boyle became Chair of the Employee Forum and received an additional fee of £4,600 pa. Terry Miller received the fee for Chair of the Employee Forum and Stakeholder Steering Committee up to 1 June 2023.

For and on behalf of the Board



Sally Boyle

Remuneration Committee Chair

3 October 2024

Directors' report

The directors present their Annual Report and audited financial statements for the Group for the financial year ended 30 June 2024.

Principal activities

Galliford Try is a trading name of Galliford Try Holdings plc, a leading UK construction group which has a commercial category entity listing and whose shares are traded on the London Stock Exchange. The Group operates as Galliford Try and Morrison Construction and carries out building and infrastructure projects with clients in the public, private and regulated sectors across the UK. Galliford Try Holdings plc, registered in England and Wales with company number 12216008, is the Parent Company of the Group.

More detailed information regarding the Group's activities is provided on pages 1 to 79. The Group's subsidiaries and joint ventures are shown in note 33 to the financial statements.

Strategic report

The Strategic report can be found on pages 1 to 79. It contains an indication of the directors' view on likely future developments in the Group's business. In addition, and in accordance with the Companies, Partnerships and Groups (Accounts and Non-Financial Reporting) Regulations 2016, the Strategic report contains information on employees, social and environmental matters, human rights and anti-corruption and anti-bribery matters, as well as a description of the Group's policies and where these are located.

In accordance with section 414CZA of the Companies Act 2006, the Strategic report contains a section 172 (1) statement describing how directors have had regard to the matters set out in section 172 (1) (a) to (f) of the Companies Act 2006 when performing their duty under section 172. Please refer to pages 74 to 79.

The Annual Report and financial statements use financial and non-financial key performance indicators wherever possible and appropriate.

Corporate governance report

The Corporate governance report on pages 80 to 94 is the corporate governance statement for the purposes of Disclosure Guidance and Transparency Rule 7.2.1.

Results, dividends and capital

The pre-exceptional profit for the year before income tax was £32.7m, as shown in the consolidated income statement on page 141. On 6 March 2024, the Board declared an interim dividend of 4.0p per share, which was paid to shareholders on 12 April 2024. The Board has proposed a final dividend of 11.5p per share. Subject to approval by shareholders, this will be paid on 5 December 2024 to shareholders on the register at 8 November 2024, resulting in a total dividend in 2024 of 15.5p per share. Dividend cover is expected to be 1.8 times earnings.

On 3 October 2024, we announced a further share buyback programme of a maximum of £10m, reflecting both a corporation tax refund and our confidence in future cash generation.

➔ Please refer to page 50 to 51 for an overview of the Group's capital structure and funding.

Share capital, authorities and restrictions

The Company has one class of ordinary share capital, with a nominal value of 50 pence. The ordinary shares rank *pari passu* in respect of voting and participation and are traded on the Main Market of the London Stock Exchange.

At 30 June 2024, the Company had 103,975,786 ordinary shares in issue. Votes may be exercised at general meetings of the Company by members in person, by proxy or by corporate representatives (in relation to corporate members). The Company's Articles of Association (the "Articles") set a deadline for submitting proxy forms (electronically or by paper) of not less than 48 hours, taking no account of any part of a day that is not a working day, before the time appointed for holding the general meeting or the adjourned meeting (as the case may be).

The directors are authorised at the AGM each year to issue shares, to allot a limited number of shares in the Company for cash other than to existing shareholders, and to make market purchases of shares within prescribed limits. The current authorities will expire at the AGM in November 2024. Resolutions to be proposed at the AGM will renew these authorities, which are explained in the Notice of 2024 AGM sent separately to shareholders.

The Company issued 1,323,592 shares following the exercise of options under the Company's Sharesave Scheme. To the date of this report, the Company has purchased 8,404,148 shares as part of the share buyback programme which commenced in September 2022. All of these shares were cancelled and the share buyback programme was closed on 31 October 2023.

Directors' report continued

There are no restrictions on transferring the Company's shares, except for certain shares held by the Employee Share Trust ("EST"), which are restricted during the performance periods of relevant Group share plans. Directors and persons discharging managerial responsibilities are also periodically restricted in dealing in the Company's shares under the Group's share dealing policy, reflecting the requirements of the Market Abuse Regulation. In certain specific circumstances, the directors are permitted to decline to register a transfer in accordance with the Articles. There are no other limitations on holdings of securities, and no requirements to obtain the approval of the Company, or other holders of shares in the Company, prior to the share transfer. The Company is not aware of any agreements between holders of shares that may restrict the transfer of shares or voting rights.

There are no shares carrying specific rights relating to control of the Company. The EST holds shares in the Company in connection with Group share plans which have rights relating to control of the Company that are not exercisable directly by the employee. The EST abstains from voting in respect of these shares. The EST currently holds 3.68% of the issued share capital of the Company for the purposes of satisfying employee share options or share awards.

Articles of Association

The Articles, adopted pursuant to a resolution passed on 5 November 2019, set out the Company's internal regulations and define various aspects of its constitution, including the rights of shareholders, procedures for appointing and removing directors, and the conduct of directors and general meetings.

In accordance with the Articles, directors can be appointed or removed either by the Board or shareholders in general meeting. Amendments to the Articles require shareholder approval by passing a special resolution in a general meeting. Copies of the Articles are available by contacting the General Counsel & Company Secretary at the registered office.

Significant direct and indirect holdings

As at 30 June 2024, being the date of this Annual Report, the Group had been made aware of the following beneficial interests in 3% or more of the Company's ordinary share capital:

Shareholder	Interest	% capital
Aberforth Partners LLP	12,154,152	11.81
Premier Miton Group plc	11,370,288	10.96
J O Hambro Capital Management Limited	10,027,620	9.73

Between 1 July 2024 and the date of this report, there were no further changes to the significant direct and indirect holdings information.

Change of control provisions

All the Group's share plans contain provisions relating to a change of control. The respective plan rules permit outstanding awards to vest on a proportional basis and then become exercisable in the event of a change of control, subject to the satisfaction of any performance conditions and Remuneration Committee approval. Other than in relation to share schemes as described above, the Group has not entered into any agreements with its directors or employees which provide for compensation for loss of office or employment in the event of a takeover or change of control of the Group.

The agreements governing the Group's joint ventures all have appropriate change of control provisions, none of which is significant in the context of the wider Group.

Directors' interests and indemnities

Summary biographies of the directors of the Company as at 30 June 2024 are on pages 82 to 83. The directors' interests in the Company's share capital are set out on page 121 and details of executive directors' service contracts and Non-executive directors' letters of appointment can be found on page 115.

The Group operates a formal procedure for disclosing, reviewing and authorising directors' actual and potential conflicts of interest, in accordance with the Companies Act 2006. In addition, the Board reviews and authorises conflicts of interest, as necessary, on an annual basis.

The Group maintained Directors' and Officers' Liability insurance on behalf of the directors and General Counsel & Company Secretary throughout the financial year. In addition, individual qualifying third-party indemnities are provided to the directors and General Counsel & Company Secretary, which comply with the provisions of section 234 of the Companies Act 2006 and were in force throughout the year and up to the date of signing this Annual Report.

Employees

The Group is committed to best-practice employment policies, which promote equal opportunities for all employees. We value everyone as an individual, recognising that everyone is different and has different needs at work. We respect people's differences and treat everyone with dignity and respect. We aim to create a culture in which everyone feels valued and is motivated to give their best.

The Group gives full and fair consideration to applications for employment from disabled persons, taking into account their aptitudes and abilities. The Group has signed up to the Government's Disability Confident scheme. We carry out regular workplace assessments and provide occupational health checks and advice to support both employees and line managers. Appropriate arrangements are made for the continued training and employment, career development and promotion of disabled persons. If existing members of staff become disabled, the Group endeavours to continue employment, either in the same or an alternative position, with appropriate retraining and occupational assistance being given if necessary.

Employee engagement and consultation is encouraged through the Employee Forum (see pages 87 to 88), as well as regular informal discussions and feedback, formal annual appraisals, business unit staff forums and periodic employee surveys.

Details of where to find information regarding the Group's employees, remuneration policies, employment practices and employee involvement are provided in the Strategic report on pages 1 to 79 and the Remuneration Policy and Report on pages 104 to 126.

Details of where to find information on other matters of importance to stakeholders such as environmental, social and community matters, human rights and anti-corruption, related policies and their impact can also be found in the Strategic report.

Significant agreements

There are no persons with which the Group has contractual or other arrangements which are essential to its business.

Charitable and political donations

For information regarding charitable donations made through employees' volunteering or donation of materials, please refer to the Strategic report on page 38.

The Group's policy is to avoid making political donations of any nature and none were made during the financial year. The Group notes the wide application of Part 14 of the Companies Act 2006, but does not consider the construction industry bodies of which it is a member to be political organisations for the purposes of the Act.

Emissions

Details of the Group's greenhouse gas emissions for the financial year can be found on page 32 and are included by reference in this report.

Creditor payment policy

The Group's policy is to agree payment terms contractually with suppliers and sub-contractors, ensure the relevant terms of payment are included in contracts, and to abide by those terms when satisfied that goods, services or assets have been provided in accordance with the agreed contractual terms. The Group remained a signatory to the Prompt Payment Code throughout the financial year which contains, among other things, commitments to pay suppliers within agreed contract terms.

Directors' report continued

Financial instruments

Further information regarding the Group's financial instruments, including interest rate hedges, related policies and a consideration of its liquidity and other financing risks, can be found in the Financial review from page 48 and in note 23 to the financial statements.

Important developments during the year

On 8 November 2023, the Group acquired AVRS Systems Limited ("AVRS"), a leading mechanical and electrical engineering specialist, for the consideration of £4.5m. For more details see note 30 to the financial statements.

On 30 November 2023, the Group disposed of the share capital of Rock & Alluvium Limited for the consideration of £3.9m. For more details see note 30 to the financial statements.

Our new cloud-based Enterprise Resource Planning (ERP) and HR system, Oracle Fusion, went live in September 2023 and is part of the investment in our digital and data capabilities for greater efficiency. The implementation and move to this system is now complete with no more exceptional costs expected. For more details see note 4 to the financial statements.

An exceptional tax credit arose following amendments to company tax returns filed in March 2024 and agreed by HMRC for the period ending 30 June 2019. Additional Group relief claims were filed for the period which resulted in a refund due from HMRC for overpaid corporation tax. For more details see note 4 to the financial statements.

Going concern

In accordance with the Financial Reporting Council's Guidance on Risk Management, Internal Control and Related Financial and Business Reporting published in 2014, the requirements of the Code and Listing Rule 6.6.6(3), the directors have conducted a rigorous and proportionate assessment of the Group's ability to continue in existence for the foreseeable future. This has been reviewed during the financial year and the directors have concluded that there are no material uncertainties that may cast significant doubt on the Group's ability to continue as a going concern. Furthermore, the Group has adequate resources and visibility as to its future workload, as explained in this Annual Report. As a result, the Directors are satisfied that the Group has adequate resources to meet its obligations as they fall due for a period of at least 12 months from the date of approving these financial statements and, accordingly, is able to adopt the going concern basis in preparing these financial statements.

AGM

The 2024 AGM will be held at Peel Hunt LLP, 7th floor, 100 Liverpool Street, London, EC2M 2AT on Thursday 28 November 2024 at 11.00am. The Notice convening the AGM, sent to shareholders separately, explains the items of business which are not of a routine nature.

Further information on arrangements for the AGM and voting instructions will be set out fully in the Notice of AGM and Form of Proxy.

Fair, balanced and understandable

In accordance with the principles of the Code and as further described on page 103, the Group has arrangements in place to ensure that the information presented in this Annual Report is fair, balanced and understandable. The directors consider, on the advice of the Audit Committee, that the Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's performance, position, business model and strategy.

Approval of report

This Directors' report, the Strategic report, and the Corporate Governance report and Directors' Remuneration report were approved by the Board of Directors on 3 October 2024.

For and on behalf of the Board



Kevin Corbett
General Counsel & Company Secretary

3 October 2024

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under company law the directors have prepared the Group and Parent Company financial statements in accordance with UK adopted International accounting standards. Under company law, the directors must not approve the financial statements, unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Parent Company and of the profit or loss of the Group and Parent Company for that period.

In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006; and
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Group and Parent Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and Parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Parent Company and enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the Group and the Parent Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the Group and Parent Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The directors consider that the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group and Parent Company's performance, position, business model and strategy.

Each of the directors, whose names and functions are listed on pages 82 and 83, confirms that to the best of their knowledge:

- the Parent Company financial statements, which have been prepared in accordance with UK adopted International Accounting Standards, give a true and fair view of the assets, liabilities, financial position and profit of the Parent Company;
- the Group financial statements, which have been prepared in accordance with UK adopted International Accounting Standards, give a true and fair view of the assets, liabilities, financial position and profit of the Group; and
- the Strategic report contained on pages 1 to 79 includes a fair review of the development and performance of the business and the position of the Group and Parent Company, together with a description of the principal risks and uncertainties that it faces.

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the Group and Group's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Group and Group's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with section 418 of the Companies Act 2006.

For and on behalf of the Board



Bill Hocking
Chief Executive
3 October 2024

Forward-looking statements

Forward-looking statements have been made by the directors in good faith using information up until the date on which they approved this Annual Report. Forward-looking statements should be regarded with caution due to uncertainties in economic trends and business risks. The Group's businesses are generally not affected by seasonality.

Independent auditor's report

to the members of Galliford Try Holdings plc

Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 30 June 2024 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- the Parent Company financial statements have been properly prepared in accordance with UK adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Galliford Try Holdings plc (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 30 June 2024 which comprise the consolidated income statement, the consolidated statement of comprehensive income, the balance sheets, the consolidated and company statements of changes in equity, the statements of cash flows and notes to the financial statements, including material accounting policy information. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards and as regards the Parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit opinion is consistent with the additional report to the audit committee.

Independence

Following the recommendation of the audit committee, we were appointed by the members on 4 November 2019 to audit the financial statements for the year ended 30 June 2020 and subsequent financial periods. The period of total uninterrupted engagement including retenders and reappointments is 5 years, covering the years ended 30 June 2020 to 30 June 2024. We remain independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services prohibited by that standard were not provided to the Group or the Parent Company.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Group and the Parent Company's ability to continue to adopt the going concern basis of accounting included:

- We assessed the appropriateness of the Group's cash flow forecasts in the context of the Group's secured ongoing contracts, the secured new work and forecast potential work which were agreed to the Board approved forecasts.
- We evaluated the Directors' downside sensitivities including delays to construction resulting in reduced volume of work and also assessed the impact of materials and labour price inflation.
- We assessed the actual cash performance against forecasts for the current financial year and post year end to evaluate the Directors' accuracy and achievability of the forecasts prepared.
- We evaluated the adequacy of the disclosures within the Directors' report in relation to the specific risks posed, the scenarios the Directors have considered and conclusions made.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and the Parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In relation to the Parent Company's reporting on how it has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Overview

Coverage	Group Revenue	Full scope audit 93% (2023: 92%) Specified risk focused audit procedures 3% (2023: 0%) Desktop review 4% (2023: 8%)
	Group Absolute Profit before tax*	Full scope audit 79% (2023: 77%) Specified risk focused audit procedures 7% (2023: 0%) Desktop review 14% (2023: 23%)
	Total assets	Full scope audit 92% (2023: 95%) Specified risk focused audit procedures 0% (2023: 0%) Desktop review 8% (2023: 5%)

Key audit matters	2024	2023
	Revenue and profit recognition for construction contracts	X
Recognition and recoverability of claims and variations	X	X
Defects liability provision in relation to a legacy infrastructure contract	X	-

Materiality Group financial statements as a whole

£5.2m (2023: £3.5m) based on 0.30% (2023: 0.26%) of revenue.

* Group absolute profit before tax considers the percentage of coverage on an absolute contribution to profit before tax on an individual unit basis within each component whether that be a profit or a loss.

An overview of the scope of our audit

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including the Group's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the Group financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

In establishing the overall approach to the Group audit, we assessed the audit significance of each component in the Group by reference to both its financial significance and other indicators of audit risk, such as the complexity of operations and the degree of estimation and judgement in the financial results.

Of the group's components we considered five (2023: five) to be significant components and we subjected these five (2023: five) components to full scope audits for Group purposes. We subjected one (2023: nil) additional component to specified risk-focused audit procedures given its contribution to group profit. Therefore, specified procedures were carried out over component revenue, cost of sales and administrative expenses.

Certain classes of assets were tested at a group level, including Goodwill, Right-of-use assets, Public Private Partnership (PPP) Investments, Cash and cash equivalents, Deferred income tax assets and current income tax assets, regardless of which component held the asset and are included in the full scope coverage above.

For the remaining insignificant components, we carried out desktop reviews (analytical procedures) to re-examine our assessment that there were no significant risks of material misstatement within these. All components are located in the UK and all work was performed by the Group audit team.

Climate change

Our work on the assessment of potential impacts on climate-related risks on the Group's operations and financial statements included:

- Enquiries and challenge of management to understand the actions they have taken to identify climate-related risks and their potential impacts on the financial statements and adequately disclose climate-related risks within the annual report;
- Our own qualitative risk assessment taking into consideration the sector in which the Group operates and how climate change affects this particular sector; and
- Review of the minutes of Board and Audit Committee meeting and other papers related to climate change and performed a risk assessment as to how the impact of the Group's commitment as set out on page 32 may affect the financial statements and our audit.

We challenged the extent to which climate-related considerations, including the expected cash flows from the initiatives and commitments have been reflected, where appropriate, in management's going concern assessment and viability assessment.

We also assessed the consistency of management's disclosures included as 'Statutory Other Information' on page 61-72 with the financial statements and with our knowledge obtained from the audit.

Based on our risk assessment procedures, we did not identify there to be any Key Audit Matters materially impacted by climate-related risks and related commitments.

Independent auditor's report continued

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How the scope of our audit addressed the key audit matter
<p>Revenue and profit recognition for construction contracts</p> <p>Note 1 on page 148 to the financial statements gives further detail regarding the estimates and judgements made by the Group in this regard, and the accounting policies for construction contracts.</p> <p>For long term construction contracts, the Group recognises revenue over time and measures progress based on the input method by considering the costs incurred to date, relative to the total estimated forecast costs applied to the estimated forecast revenue.</p> <p>This is considered a significant risk of material misstatement as the stage of completion, forecast revenue and forecast costs on contracts are all areas of significant judgement and the judgements taken can have a material impact on the amounts recognised as revenue.</p> <p>These judgements also have a consequential impact on a number of contract-related balances, including trade receivables, contract assets, accruals and contract liabilities within the financial statements including the related judgements and estimates disclosures.</p> <p>There is also a risk that the accounting policies are not in accordance with IFRS 15 Revenue from contracts with customers ('IFRS 15').</p> <p>Having considered the above we determined that construction contract revenue and other related contract balances have an inherent high degree of estimation uncertainty with a range of possible outcomes and hence we have treated these areas and the associated disclosures as a key audit matter.</p>	<p>We obtained an understanding of and evaluated management's processes and controls for ensuring construction contracts with customers meet the requirements of IFRS 15.</p> <p>We evaluated the design and implementation and the operating effectiveness of the key controls over revenue, profit margin, costs to complete and stage of completion on construction contracts.</p> <p>We focused our work on those contracts with the greatest estimation uncertainty, based on the information included in the contract schedule (e.g. significant movements from tender/prior year or large unagreed variations or claims) and challenged the judgements made by discussing them with the project teams as well as senior operational, legal, commercial and financial management. On each of these contracts selected, we specifically challenged and critically assessed the explanations provided by management and carried out the following detailed testing considering both corroborative and contradictory information;</p> <ul style="list-style-type: none"> ➤ obtained an understanding of the contract and its particulars by reviewing the initial contract with the customer and holding discussions with commercial teams and management. ➤ agreed forecast revenue to contractual agreements, supplemental agreements and agreed variations. The procedures to test the judgements in forecast revenue are included in the key audit matter on recognition and recovery of claims and variations. ➤ reconciled revenue recognised with amounts applied for and amounts certified by clients and agreeing the amounts received to bank. Where the balance has not been received into bank, we considered the recoverability of the balance by reviewing correspondence with the customer. ➤ re-performed the key calculations behind the margin applied, the profit taken and the stage of completion, as well as contract assets and liabilities. ➤ tested a sample of accrued subcontractor costs to the year-end subcontractor applications and a sample of other accrued costs to applicable supporting documentation. ➤ corroborated a sample of forecast costs for significant subcontractor packages to documentary evidence. Where the subcontractor projected total costs significantly differed from the total forecast costs in the contract forecast, we challenged management and obtained supporting evidence for the differences as applicable. ➤ performed a review of forecast costs by type included within the cost-value reconciliation (CVR) and analysed the stage of completion of each cost type to determine whether costs are progressing in line with the overall stage of completion. We challenged management where costs were not in line with our expectations and obtained supporting documentation as applicable. ➤ Enquired with commercial Directors on variances between the input method calculated stage of completion and external certified stage of completion. We assessed judgements made by the Directors in determining forecast costs and the remaining contingency on a project, for the possibility of a material misstatement, and obtained corroborating evidence to support the positions taken.

Key audit matter	How the scope of our audit addressed the key audit matter
<p>Revenue and profit recognition for construction contracts (continued)</p>	<ul style="list-style-type: none"> ➤ compared the percentage of forecast costs that have been procured to the overall forecast costs and challenged management where there are substantial costs yet to procure as this presents a greater risk. We corroborated a sample of un-procured subcontractor costs to documentary evidence. ➤ assessed the recoverability of contract assets by comparing to the post year end external certification of the value of work performed, and the payment received post year end. ➤ discussed with management to understand and challenge other areas of judgement taken including anticipated completion dates and impact of any delays, whether there are any disputes with third parties on the contract and the reason for any movements in forecasts from tender/ prior year to 30 June 2024. We obtained corroborating evidence for the explanations provided. ➤ tested a sample of costs incurred in the year and ensured that they had been correctly allocated to the relevant project. ➤ where appropriate, reviewing legal correspondence and expert advice obtained in respect of the judgements and where necessary, speaking directly with management's experts who had provided this advice. ➤ remained alert for any contradictory evidence or indicators of understatement of forecast costs while performing our audit procedures, including site visits, cost testing and payments testing. ➤ performed a stand back review on the key judgements and estimates on each contract to assess if sufficient appropriate audit evidence has been obtained. ➤ from the latest available contract schedule, we compared the forecast out-turn across all contracts to the audited year end schedule. We challenged management on any significant movements. <p>We carried out targeted testing on a sample basis on the remaining contracts which included:</p> <ul style="list-style-type: none"> ➤ obtaining an understanding of the contract and its particulars by obtaining the initial contract with the customer. ➤ agreeing forecast revenue to contractual agreements, supplemental agreements and agreed variations. ➤ reconciling revenue recognised with amounts applied for and amounts certified by clients, agreeing the amounts received to bank. Where the balance has not been received into bank, we considered the recoverability of the balance by reviewing correspondence with the customer. ➤ From the specific contract information reviewed for these contracts, we considered whether there was an indication of risks within the contract including delays, significant unagreed variations and un-procured costs for which we then performed additional procedures from those set out above to address the risk. <p>We visited a sample of sites across the business. We inspected the physical progress of the sites and discussed progress with personnel working on the specific sites. Where sites were selected for audit testing, we considered whether the information obtained from the site visit was consistent with the information obtained from audit testing.</p> <p>We assessed the reliability of management's estimates by reviewing the fluctuations in budgeted end of life margin from 30 June 2023 to 30 June 2024 for projects that are substantially completed at the year-end as well as from tender to the 30 June 2024 for all contracts.</p> <p>We considered the adequacy of the disclosures in the financial statements in relation to specific contracts and also the disclosures in respect of significant judgements and estimates.</p> <p>Key observations: We consider that the estimates and judgements made by management in respect of construction contract revenue and profit recognition, and the associated disclosures to be reasonable.</p>

Independent auditor's report continued

Key audit matter	How the scope of our audit addressed the key audit matter
<p>Recognition and recoverability of claims and variations</p> <p>Note 1 on page 148 to the financial statements gives further detail regarding the estimates and judgements made by the Group in this regard and the accounting policy for construction contracts.</p> <p>In a number of the Group's construction contracts there are assumptions of amounts contractually due from customers, and contract assets can include variations and claims which are not yet certified or formally agreed but have been assessed by management as highly probable of not reversing under IFRS 15. The assessment of revenue as highly probable and not requiring significant reversal requires judgement.</p> <p>There is also a risk these significant judgements and estimates are not adequately disclosed in the financial statements.</p> <p>In addition, there are some downstream claims against subcontractors, designers, and insurers other than customers which are only recognised once they are considered to be virtually certain of recoverability, in accordance with IAS 37 – Provisions, Contingent Liabilities and Contingent Assets. Once the recognition criteria is considered to be met, significant judgement is required to determine the amounts to be recognised.</p> <p>These assumptions impact revenue recognised on these contracts, as well as contract assets balances and hence is considered to be a key audit matter.</p>	<p>We challenged management's assessment of the expected recovery of variations, claims and compensation events from customers, to determine the basis on which the associated revenue was considered to be highly probable of not reversing. We obtained evidence of historic success rates and evidence of amounts agreed post year end to support management's assessment as applicable.</p> <p>We challenged the assumptions made by management in respect of estimated recoveries from subcontractors, designers, and insurers included in the forecast, to determine whether these could be considered virtually certain of recoverability. We obtained evidence such as signed agreements or the latest correspondence that underpinned management's assumptions and also considered the existence of any contradictory evidence.</p> <p>We assessed the evidence provided by management regarding recovery of claims amounts to evidence of agreement with customers or insurance reserves provided by the insurers.</p> <p>We obtained and reviewed any legal correspondence relating to these claims and variations results and where necessary discussed the progress of legal disputes with the Group's external legal advisors.</p> <p>We considered and challenged the adequacy of the disclosures regarding key estimates and judgements against the requirements of the applicable standard.</p> <p>Key observations:</p> <p>We consider the estimates and judgements and associated disclosures made by management in respect of recognition and recoverability of claims and variations to be reasonable.</p>

Key audit matter	How the scope of our audit addressed the key audit matter
<p>Defects liability provision in relation to a legacy infrastructure contract</p> <p>Note 1 on page 148 to the financial statements gives further detail regarding the estimates and judgements made by the Group in this regard.</p> <p>Note 1 on page 148 to the financial statements provides the accounting policy for provisions.</p> <p>Refer to Note 20 in relation to provisions.</p>	<p>The Group regularly enters into construction contracts which include defect rectification warranty periods which are typically up to three years in length. A provision is established to cover the expected cost of rectification work and is utilised as defects are identified and works are performed.</p> <p>Included within the rectification provision of £34.7m at 30 June 2024, is a provision of £14.6m in respect of a single infrastructure contract, which the Group delivered as part of a joint arrangement with two other contractors, where the total defects obligation period under the contract is twelve years. As at 30 June 2024, there were 7 years of the defect period remaining.</p> <p>Given the length of the defect period in comparison to those typically entered into by the Group, and the associated assumptions that management has made in estimating the provision, there is a high degree of estimation uncertainty associated with this provision. The estimation uncertainty and assumptions required may also impact the Directors ability to make a reliable estimate of the provision and therefore whether, IAS 37 'Provisions, Contingent Liabilities and Contingent Assets', criteria to recognise a provision are met, or alternatively, whether it should be disclosed as a contingent liability instead.</p> <p>In addition, in deriving the estimate, the Directors have used a panel of experts (external and internal experts), who identified, a potential range of outcomes, being £7.3m to £17.5m, which is greater than our materiality for the financial statements as a whole. Therefore, we considered this provision to be a key audit matter.</p> <p>We obtained management's assessment paper on whether the recognition criteria of IAS 37 were met, and whether a provision should be recognised in respect of this contract. We assessed this against the requirements of IAS 37. As part of our assessment, we validated the existence of the legal obligations with respect to the defect requirements through reviewing key terms of the contract.</p> <p>We also obtained a report prepared by management's expert as to whether the recognition criteria were met. We assessed their competence and objectivity by examining the work they were required to perform and their professional qualifications and experience. We considered whether their assessment provided any contradictory evidence to management's own assessment.</p> <p>We obtained an understanding and assessed management's process for the quantification of the provision, including:</p> <ul style="list-style-type: none"> ➔ the analysis of specific cost estimates for known, identified rectification works; and ➔ the estimation of lifetime costs expected during the defect period. <p>We validated specific cost estimates to documentary evidence where applicable, challenging the assumptions, inputs and methodology used, utilising various sources of supporting evidence such as legal correspondence and historical costs.</p> <p>We challenged management's assessment of expected lifetime costs, and therefore the remaining provision for yet to be identified defects, requiring management to obtain additional data points from a panel of experts to support its assessment.</p> <p>We met with management's panel of experts (external) to corroborate and understand the basis of opinions given, including understanding any contradictory evidence, and discussed certain assumptions made by management with them to form our own expectations of defects incurred on similar types of contracts and assessed whether management's assessment was within this range.</p> <p>Through these discussions, we evaluated the competence, objectivity and sufficiency of management's panel of experts that were utilised including consideration of their professional qualifications and relevant experience.</p> <p>In assessing the appropriateness of cost estimates, we assessed if the costs underpinning the accounting provision represent management's and the experts best estimate of expected expenditure, based on the current extent of defect expenditure incurred as well as any known risks identified but not yet remediated.</p> <p>We considered the expenditure on defects to date as a basis for an estimate for expenditure to come in the future and considered whether this provided any contradictory evidence to the provision recorded by management.</p> <p>We challenged management on whether the release of a portion of the provision in the year was indicative of inaccurate estimation. We obtained supporting explanations and evidence in relation to in-year events which gave rise to the release, most notably the conclusion of isolated smaller defect periods within the overall scheme.</p> <p>We assessed the integrity of formulae and mathematical accuracy of management's calculations for the various elements of the provision.</p> <p>We considered the adequacy of the disclosures made, with particular focus on the range of potential outcomes and areas of estimation uncertainty and challenged management in regard to their proposed disclosures against the requirements of the applicable standards.</p> <p>Key observations: We consider the estimates, judgements and associated disclosures made by management in respect of the estimation of the provision to be reasonable.</p>

Independent auditor's report continued

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

	Group financial statements		Parent Company financial statements	
	2024 £m	2023 £m	2024 £m	2023 £m
Materiality	5.2	3.5	2.9	3.0
Basis for determining materiality	0.30% of revenue	0.26% of revenue	1% of total assets	1% of total assets
Rationale for the benchmark applied	As the Group continues to be profitable, we have considered what would be a stable basis of operations and have benchmarked to peers' materiality as a proportion of revenue. Based on this we have set Group materiality at 0.30% (2023: 0.26%) of Group revenue.		We have set Parent Company materiality at the lower of 1% (2023: 1%) of total assets and 95% (2023:95%) of Group materiality. We chose total assets as the benchmark as we believe this to be of most interest to the users of the financial statements.	
Performance materiality	3.4	2.3	1.9	2.0
Basis for determining performance materiality	On the basis of our risk assessment, together with our assessment of the Group's and Parent company's overall control environment and history of adjustments, our judgement was that overall performance materiality of the Group and Parent Company should be 65% (2023: 65%) of materiality.			
Rationale for the percentage applied for performance materiality	We determined performance materiality based on our risk assessment, together with our assessment of the Group's and Parent company's overall control environment, the number of components and the history of audit adjustments identified in the previous audits.			

Component materiality

For the purposes of our Group audit opinion, we set materiality for each significant component of the Group apart from the Parent Company whose materiality is set out above, based on a percentage of between 15% and 81% (2023: 19% and 86%) of Group materiality dependent on the size and our assessment of the risk of material misstatement of that component. Component materiality ranged from £0.8m to £4.2m (2023: £0.65m to £3m). In the audit of each component, we further applied performance materiality levels of 65% (2023: 65%) of the component materiality to our testing to ensure that the risk of errors exceeding component materiality was appropriately mitigated.

Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £260,000 (2023: £70,000). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report and Financial Statements 2024 other

than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Corporate governance statement

The UK Listing Rules require us to review the Directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the parent company's compliance with the provisions of the UK Corporate Governance Code specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit.

Going concern and longer-term viability	<ul style="list-style-type: none"> ➔ The Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 130; and ➔ The Directors' explanation as to their assessment of the Group's prospects, the period this assessment covers and why the period is appropriate set out on page 73.
Other Code provisions	<ul style="list-style-type: none"> ➔ Directors' statement on fair, balanced and understandable set out on page 130. ➔ Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 56; ➔ The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 101-102; and ➔ The section describing the work of the audit committee set out on page 99.

Other Companies Act 2006 reporting

Based on the responsibilities described below and our work performed during the course of the audit, we are required by the Companies Act 2006 and ISAs (UK) to report on certain opinions and matters as described below.

Strategic report and Directors' report	<p>In our opinion, based on the work undertaken in the course of the audit:</p> <ul style="list-style-type: none"> ➔ the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and ➔ the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements. <p>In the light of the knowledge and understanding of the Group and Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the Directors' report.</p>
Directors' remuneration	<p>In our opinion, the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.</p>
Matters on which we are required to report by exception	<p>We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:</p> <ul style="list-style-type: none"> ➔ adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or ➔ the Parent Company financial statements and the part of the Directors' remuneration report to be audited are not in agreement with the accounting records and returns; or ➔ certain disclosures of Directors' remuneration specified by law are not made; or ➔ we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the Statement of Directors' responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Independent auditor's report continued

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Non-compliance with laws and regulations

Based on:

- Our understanding of the Group and the industry in which it operates;
- Discussion with management and those charged with governance; and
- Obtaining an understanding of the Group's policies and procedures regarding compliance with laws and regulations.

we considered the significant laws and regulations to be, but not limited to, the Companies Act 2006, the UK Listing Rules and tax legislation.

The Group is also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements, for example through the imposition of fines or litigations. We identified such laws and regulations to be the health and safety legislation, data protection legislation, employment law, the Fire Safety and Building Safety Acts.

Our procedures in respect of the above included:

- Review of minutes of meeting of those charged with governance for any instances of non-compliance with laws and regulations;
- Review of correspondence with regulatory and tax authorities for any instances of non-compliance with laws and regulations;
- Review of financial statement disclosures and agreeing to supporting documentation; and
- Involvement of tax specialists in the audit.

Fraud

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- Enquiry with management and those charged with governance including the Audit Committee and internal audit regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Group's policies and procedures relating to:
 - Detecting and responding to the risks of fraud; and
 - Internal controls established to mitigate risks related to fraud.
- Review of minutes of meeting of those charged with governance for any known or suspected instances of fraud;
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements;
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud; and
- Testing operating effectiveness of controls around procurement and tendering process.

Based on our risk assessment, we considered the areas most susceptible to fraud to be management override of controls that are otherwise operating effectively.

Our procedures in respect of the above included:

- Testing a sample of journal entries throughout the year, which met a defined risk criteria and considered whether there was evidence of bias by the Directors within the significant judgements and estimates, by agreeing to supporting documentation;
- Involvement of forensic specialists in the fraud risk assessment procedures;
- Assessing significant estimates made by management for bias.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members who were all deemed to have appropriate competence and capabilities and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Parent Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Parent Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Thomas Edward Goodworth (Senior Statutory Auditor)

For and on behalf of BDO LLP, Statutory Auditor

London, UK
3 October 2024

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Consolidated income statement

for the year ended 30 June 2024

	Notes	2024			2023		
		Pre-Exceptional items £m	Exceptional items (note 4) £m	Total £m	Pre-Exceptional items £m	Exceptional items (note 4) £m	Total £m
Revenue	3	1,772.8	-	1,772.8	1,393.7	-	1,393.7
Cost of sales		(1,641.4)	-	(1,641.4)	(1,292.3)	-	(1,292.3)
Gross profit		131.4	-	131.4	101.4	-	101.4
Other income	16	-	-	-	3.6	-	3.6
Administrative expenses		(104.1)	(2.6)	(106.7)	(86.1)	(10.5)	(96.6)
Impairment of financial assets	17	-	-	-	(2.8)	-	(2.8)
Operating profit/(loss)		27.3	(2.6)	24.7	16.1	(10.5)	5.6
Finance income	6	8.8	0.8	9.6	6.3	-	6.3
Finance costs	6	(3.4)	-	(3.4)	(1.8)	-	(1.8)
Profit/(loss) before income tax	7	32.7	(1.8)	30.9	20.6	(10.5)	10.1
Income tax (expense)/credit	8	(4.8)	10.1	5.3	(3.1)	2.1	(1.0)
Profit/(loss) for the year		27.9	8.3	36.2	17.5	(8.4)	9.1
Earnings per share							
Basic							
Profit attributable to ordinary shareholders	10	27.9p		36.2p	16.6p		8.7p
Diluted							
Profit attributable to ordinary shareholders	10	26.7p		34.7p	15.6p		8.1p

The notes are an integral part of the consolidated financial statements.

Consolidated statement of comprehensive income

for the year ended 30 June 2024

	Notes	2024 £m	2023 £m
Profit for the year		36.2	9.1
Other comprehensive expense:			
Items that may be reclassified subsequently to profit or loss			
Movement in fair value of PPP and other investments	16	(1.5)	(2.4)
<i>Total items that may be reclassified subsequently to profit or loss</i>		(1.5)	(2.4)
Other comprehensive expense for the year net of tax		(1.5)	(2.4)
Total comprehensive income for the year		34.7	6.7

The notes are an integral part of the consolidated financial statements.

Balance sheets

	Notes	Group		Company	
		30 June 2024 £m	30 June 2023 £m	30 June 2024 £m	30 June 2023 £m
Assets					
Non-current assets					
Intangible assets	11	4.3	5.6	-	-
Goodwill	12	93.6	92.7	-	-
Property, plant and equipment	13	5.3	7.2	-	-
Right-of-use assets	14	51.4	38.6	-	-
Investments in subsidiaries	15	-	-	189.2	188.5
PPP and other investments	16	41.8	44.6	-	-
Deferred income tax assets	22	15.0	15.5	0.4	-
Total non-current assets		211.4	204.2	190.6	188.5
Current assets					
Trade and other receivables	17	370.8	286.5	-	-
Current income tax assets		11.6	1.8	-	-
Cash and cash equivalents	18	227.0	220.2	110.0	114.2
Total current assets		609.4	508.5	110.0	114.2
Total assets		820.8	712.7	299.6	302.7
Liabilities					
Current liabilities					
Trade and other payables	19	(609.2)	(525.1)	-	-
Lease liabilities	14	(20.5)	(14.9)	-	-
Provisions for other liabilities and charges	20	(36.2)	(29.9)	-	-
Total current liabilities		(665.9)	(569.9)	-	-
Non-current liabilities					
Lease liabilities	14	(32.5)	(24.2)	-	-
Total non-current liabilities		(32.5)	(24.2)	-	-
Total liabilities		(698.4)	(594.1)	-	-
Net assets		122.4	118.6	299.6	302.7
Equity					
Share capital	24	52.0	52.4	52.0	52.4
Share premium	24	0.8	-	0.8	-
Other reserves	26	136.4	135.3	136.4	135.3
Retained earnings	26	(66.8)	(69.1)	110.4	115.0
Total equity attributable to owners of the Company		122.4	118.6	299.6	302.7

The profit for the Parent Company for the year was £23.3m (2023: £25.0m).

The notes are an integral part of the consolidated financial statements.

The financial statements on pages 141 to 192 were approved and authorised for issue by the Board on 3 October 2024 and signed on its behalf by:



Bill Hocking
Chief Executive

Galliford Try Holdings plc
Registered number: 12216008

Consolidated and Company statements of changes in equity

for the year ended 30 June 2024

	Notes	Ordinary shares £m	Share premium £m	Other reserves £m	Retained earnings £m	Total shareholders' equity £m
Consolidated statement						
At 30 June 2022		55.5	-	132.2	(55.6)	132.1
Profit for the year		-	-	-	9.1	9.1
Other comprehensive expense		-	-	-	(2.4)	(2.4)
Total comprehensive income for the year		-	-	-	6.7	6.7
Transactions with owners:						
Dividends	9	-	-	-	(9.6)	(9.6)
Purchase of shares		-	-	-	(14.0)	(14.0)
Share-based payments	25	-	-	-	3.4	3.4
Cancellation of shares	24, 26	(3.1)	-	3.1	-	-
At 30 June 2023		52.4	-	135.3	(69.1)	118.6
Profit for the year		-	-	-	36.2	36.2
Other comprehensive expense		-	-	-	(1.5)	(1.5)
Total comprehensive income for the year		-	-	-	34.7	34.7
Transactions with owners:						
Dividends	9	-	-	-	(24.2)	(24.2)
Purchase of shares		-	-	-	(12.0)	(12.0)
Share-based payments	25	-	-	-	1.8	1.8
Tax relating to share-based payments	22	-	-	-	2.0	2.0
Issue of shares	24	0.7	0.8	-	-	1.5
Cancellation of shares	24, 26	(1.1)	-	1.1	-	-
At 30 June 2024		52.0	0.8	136.4	(66.8)	122.4
Company statement						
At 30 June 2022		55.5	-	132.2	109.7	297.4
Profit for the year		-	-	-	25.0	25.0
Total comprehensive income		-	-	-	25.0	25.0
Transactions with owners:						
Dividends	9	-	-	-	(9.6)	(9.6)
Share-based payments	25	-	-	-	0.5	0.5
Purchase of shares		-	-	-	(10.6)	(10.6)
Cancellation of shares	26	(3.1)	-	3.1	-	-
At 30 June 2023		52.4	-	135.3	115.0	302.7
Profit for the year		-	-	-	23.3	23.3
Total comprehensive income		-	-	-	23.3	23.3
Transactions with owners:						
Dividends	9	-	-	-	(24.2)	(24.2)
Share-based payments	25	-	-	-	0.7	0.7
Tax relating to share-based payments	22	-	-	-	-	-
Purchase of shares		-	-	-	(4.4)	(4.4)
Issue of shares	24	0.7	0.8	-	-	1.5
Cancellation of shares	26	(1.1)	-	1.1	-	-
At 30 June 2024		52.0	0.8	136.4	110.4	299.6

Statements of cash flows

for the year ended 30 June 2024

	Notes	Group		Company	
		2024 £m	2023 £m	2024 £m	2023 £m
Cash flows from operating activities					
Profit for the year		36.2	9.1	23.3	25.0
Adjustments for:					
Income tax (credit)/expense – continuing operations	8	(5.3)	1.0	(0.4)	-
Net finance income – continuing operations	6	(6.2)	(4.5)	-	-
Profit before finance costs and taxation for continuing operations		24.7	5.6	22.9	25.0
Depreciation, amortisation and impairment of non-current assets	11, 13 & 14	20.7	17.1	-	-
Dividends received from subsidiary undertakings		-	-	(22.9)	(25.0)
Profit on disposal of joint venture	16	-	(3.6)	-	-
Share-based payments	25	1.8	3.4	-	-
Impairment of financial asset		-	2.8	-	-
Other non-cash movements		(0.4)	(0.2)	-	-
Net cash generated from operations before changes in working capital		46.8	25.1	-	-
Increase in trade and other receivables	17	(84.1)	(43.3)	-	-
Increase in trade and other payables	19	84.9	47.7	-	-
Increase in provisions	20	6.3	2.5	-	-
Net cash generated from operations		53.9	32.0	-	-
Interest received		6.2	6.3	-	-
Interest paid		(3.4)	(1.8)	-	-
Income tax paid		(0.5)	(1.0)	-	-
Net cash generated from operating activities		56.2	35.5	-	-
Cash flows from investing activities					
Dividends received from joint ventures and associates		-	0.3	-	-
Decrease in amounts due from joint ventures		0.1	0.2	-	-
Proceeds from disposal of joint venture		-	3.6	-	-
PPP loan repayments	16	1.3	0.5	-	-
Acquisition of business combinations, net of cash acquired	30	(3.5)	(1.0)	-	-
Dividends received from subsidiary undertakings		-	-	22.9	25.0
Proceeds from disposal of subsidiaries		1.8	-	-	-
Acquisition of property, plant and equipment	13	(1.0)	(2.2)	-	-
Net cash (used)/generated from investing activities		(1.3)	1.4	22.9	25.0
Cash flows from financing activities					
Repayment of lease liabilities	14	(16.7)	(12.0)	-	-
Purchase of own shares	26	(8.7)	(14.0)	(4.4)	(10.6)
Dividends paid to Company shareholders	9	(24.2)	(9.6)	(24.2)	(9.6)
Net proceeds from issue of ordinary share capital		1.5	-	1.5	-
Net cash used in financing activities		(48.1)	(35.6)	(27.1)	(20.2)
Net increase/(decrease) in cash and cash equivalents		6.8	1.3	(4.2)	4.8
Cash and cash equivalents at 1 July	18	220.2	218.9	114.2	109.4
Cash and cash equivalents at 30 June	18	227.0	220.2	110.0	114.2

Notes to the financial statements

1 Accounting policies

General information

Galliford Try Holdings plc (the Company) is a public limited company incorporated, listed and domiciled in the UK, and registered under the laws of England and Wales. The address of the registered office is 3 Frayswater Place, Cowley, Uxbridge, UB8 2AD. The Company has its listing on the London Stock Exchange.

The financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the Group operates. The amounts stated are denominated in millions (£m).

Going concern

The consolidated and Company financial statements have been prepared on a going concern basis under the historical cost convention, as modified by the revaluation of PPP and other investments at fair value through other comprehensive income.

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Viability Statement (on page 73) and the Strategic Report (from page 1).

As at 30 June 2024, the Group had substantial cash balances, no loan payable, and a strong forward secured order book. The directors regularly review the working capital requirements of the Group while considering downside sensitivities.

The Group's forecasts have been prepared in the context of the current economic conditions and additionally, the directors have considered a range of downside sensitivities (as discussed in detail in the Viability Statement on page 73). Even in the worst-case scenario, the Group is forecast to continue to meet its obligations and remain cash positive for a period of at least 12 months from the date the financial statements are authorised for issue.

After making enquiries and considering the factors and sensitivities outlined above for a range of scenarios, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future being a period of at least 12 months from the date the financial statements are authorised for issue. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

The Company has elected to take the exemption under section 408 of the Companies Act 2006 to not present the Parent Company income statement and statement of comprehensive income.

Basis of accounting

For the year to 30 June 2024, the Group consolidated financial statements and the Company financial statements have been prepared in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006.

New standards impacting the Group that have been adopted for the first time in this set of financial statements are listed below:

- ➔ IFRS 17 Insurance Contracts
- ➔ Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of Accounting Policies
- ➔ Amendments to IAS 8 – Definition of Accounting Estimates
- ➔ Amendments to IAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction
- ➔ Amendment to IAS 12 – International Tax reform – Pillar Two Model Rules
- ➔ Agenda decision on Premiums Receivable from an Intermediary – IFRS 17 Insurance Contracts and IFRS 9 Financial Instruments
- ➔ Agenda decision on Homes and Home Loans Provided to Employees – IAS 19 Employee Benefits
- ➔ Agenda decision on Guarantee over a Derivative Contract – IFRS 9 Financial Instruments

These standards have been assessed to have no significant impact on the Group as they are either not relevant to the Group's activities or require accounting which is consistent with the Group's previous accounting policies.

The following are new standards, interpretations and amendments, that are not yet effective or have not been endorsed. The Group has chosen not to adopt these early. These may however have an effect on the Group's future financial statements:

- ➔ IFRS 18 Presentation and Disclosure in Financial Statements
- ➔ Amendments to IAS 1, Presentation of financial statements on Non-current liabilities with covenants and Classification of Liabilities as Current or Non-current
- ➔ Amendment to IAS 7 and IFRS 7 – Supplier finance arrangements
- ➔ Amendment to IFRS 16 Leases – Leases on sale and leaseback
- ➔ Amendments to IFRS 10 and IAS 28 – Sale or contribution of assets between an investor and its associate or joint venture
- ➔ Amendments to IAS 21 to clarify the accounting when there is a lack of exchangeability

The Group has yet to assess the full outcome of these new standards, amendments, and annual improvements. It is not expected that these will significantly impact the financial statements of the Group.

1 Accounting policies continued

Basis of preparation

The Group financial statements incorporate the results of Galliford Try Holdings plc, its subsidiary undertakings and the Group's share of the results of joint arrangements. Subsidiaries are all entities over which the Group has control. The exposure or right to variable returns from its involvement with an investee, and the ability to influence those returns, are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group, until the date that control ceases.

The acquisition method of accounting is used to account for the acquisition of a business by the Group. The cost of an acquisition is measured at the fair value of the assets transferred, equity instruments issued and liabilities incurred or assumed at the date of exchange. Costs directly attributable to the acquisition are expensed to the income statement. The identifiable assets acquired and liabilities and contingent liabilities assumed in the business combination are measured initially at their fair values at the acquisition date, irrespective of any non-controlling interest. The excess of cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the fair value of the Group's share of the identifiable net assets is in excess of the cost of the acquisition, the gain on bargain purchase is recognised as a credit through the income statement.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated but considered an impairment indicator of the asset transferred. Accounting policies of acquired subsidiaries are changed where necessary, to ensure consistency with policies adopted by the Group.

In addition to total performance measures, the Group discloses additional information including performance before exceptional items and earnings per share before exceptional items. The Group believes that this additional information provides useful information on underlying trends. This additional information is not defined under international accounting standards and may therefore not be comparable with similarly titled profit measures reported by other companies. It is not intended to be a substitute for, or superior to, international accounting standards measures of profit.

Impact of climate change on the financial statements

As reported in the TCFD disclosures starting on page 61, and the principal risks starting on page 57, the directors, in preparing the financial statements, have considered the risks and potential impact of climate change to the Group. It is unlikely that these risks will have a material financial impact in the short (between one and two years) and medium term (between three to ten years), particularly given the nature of the contractual arrangements in place.

There has been no material impact identified on the financial reporting judgements and estimates. The Directors considered the impact of climate change in respect of the following areas:

- ➔ contract judgements made on the Group's Construction contracts;
- ➔ going concern and viability of the Group over the next three years;
- ➔ cash flow forecasts used in the impairment assessments of non-current assets including the intangible assets and goodwill; and
- ➔ carrying value and useful economic lives of property, plant and equipment.

As current legislation stands, there is currently no material impact expected from climate change. The Directors are however aware of the ever-changing risks attached to climate change and will continue to monitor this, particularly regarding any judgements on construction contracts, impairment reviews and going concern in preparation of the Group's financial statements.

Critical accounting estimates and judgements

The preparation of the consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Critical judgements are those management has made when applying its material accounting policies, whereas critical estimates are assumptions and estimates made at the end of the reporting period that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

The estimates, judgements and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making estimates and judgements about the carrying value of assets and liabilities which are not readily apparent from other sources. Actual results may differ from these estimates and judgements. The estimates, judgements and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates and judgements are recognised in the period in which the estimate or judgement is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

Notes to the financial statements continued

1 Accounting policies continued

Material estimates and judgements are made in particular with regards to establishing the following policies:

(i) Revenue and profit recognition for long-term contract accounting (judgement and estimate)

In order to determine the profit and loss that the Group is able to recognise on its construction contracts in a specific period, the Group has to estimate the outcome of both the total costs to complete the contract as well as the final contract value. The Group has to allocate total costs of the construction contracts between the amount incurred on the contract to the end of the reporting period and the proportion to complete in a future period. The assessment of the total costs to be incurred and final contract value requires a degree of estimation.

Contract modifications are recognised when the Group considers they have been approved (which also includes consideration of whether enforceable rights exist in the contract). The estimation of final contract value includes the assessment of the recovery of variations, claims and compensation events (contract modifications). The estimate made is constrained in accordance with IFRS 15 so that it is highly probable not to result in a significant reversal of revenue in the future. Where the change in scope results in an increase to the work to be performed that is distinct and reflects the stand-alone selling price of the distinct good/service, it is treated as a separate contract. This is assessed on a contract specific basis.

The Group recognises recoveries of claims from clients as revenue where clear entitlement has been established which can require judgement, such as through dispute-resolution processes. This includes the recovery of costs (such as delays to the contract programme) to the extent it is highly probable not to result in a significant reversal of revenue in the future.

The estimation of costs to complete is based on all available relevant information such as procured packages and management experience and includes estimation of final accounts and any potential maintenance and defect liabilities. Recoveries resulting from actual or potential claims against subcontractors are accounted for in accordance with IAS 37 and are recognised only when they meet the virtually certain threshold.

Group management has established internal controls to review and ensure the appropriateness of estimates made on an individual contract basis, including any necessary contract provisions. As with most large, complex construction projects, there is an element of estimation uncertainty over costs to complete and final account settlements. This is, however, reduced by the experience of the management team and the controls that we have in place. The settlement of these final accounts may give rise to an over or under-recognition of profit or loss and associated cash flows, which could be material.

As at 30 June 2024, the Group's contract assets, contract liabilities and contract provisions amounted to £290.1m, £121.8m and £36.2m respectively as set out in Notes 17, 19 and 20. The Group has considered the nature of the estimates involved in deriving these balances and concluded that it is possible, on the basis of existing knowledge, that outcomes within the next financial year may be different from the Group's assumptions applied as at 30 June 2024 and could require a material adjustment to the carrying amounts of these assets and liabilities in the next financial year. However, due to the level of uncertainty, combination of cost and income variables and timing across the Group's large portfolio of contracts at different stages of their contract life, it is impracticable to provide a quantitative analysis of the aggregated judgements that are applied at a portfolio level.

The Group's five largest unagreed variations and claims positions at the year-end are summarised in aggregate below.

	£m
Overall contract value (including total estimated end of contract variations and claims after IFRS 15 constraints)	689.5
Revenue in the year	149.2
Total estimated end of contract variations and claims before IFRS 15 constraints	130.2
Total estimated end of contract variations and claims after IFRS 15 constraints	72.8

These five positions represent the most significant estimates of revenue. The total estimated end of contract variations and claims after IFRS 15 constraints of the subsequent five largest positions is £17.4m.

These items include estimation uncertainty, with a range of reasonably possible outcomes of £72.8m to £130.2m.

In respect of contract assets of £290.1m (30 June 2023: £204.9m) and in assessing receivable provisions calculated on an expected loss basis, the Group has recorded a provision of £nil (2023: £nil), refer to note 17.

It is unclear whether the outstanding uncertainties will be resolved within the next 12 months.

(ii) Rectification provision – Infrastructure contract (judgement and estimate)

The Group regularly engages in contracts with general or defect warranty rectification requirements, typically less than 3 years. Within the pool of open warranty period contracts, the group built, as part of a joint operation with two other partners, a single infrastructure scheme under a contract that included various defect warranty obligations, with the longest obligation lasting up to 12 years. At 30 June 2024, there remained 7 years of the longest warranty liability period remaining.

1 Accounting policies continued

This is the only contract the group has that has a general defect warranty period of this length. The contractual nature of the defect warranty liability and the completion of the scheme are the obligating events and the group, as part of the joint operation, has remediated items since completion and has other known issues ongoing that will likely result in future cash outflows, though the timing and quantum remain uncertain. The Group also believes that there will be further unknown but probable cash outflows relating to as yet unknown items as scheduled inspections of various structural elements of the scheme are completed that have a potentially material range of outcomes.

The Group has provided £14.6m (2023: £16.9m) against future defect costs and this represents management's best estimate of potential future payments associated with the warranty rectification responsibilities. The provision requires a limited number of significant estimates and assumptions by management, with a significant level of estimation risk as a result arising from the level of defects and associated cost that may arise. Management estimates the reasonable range of estimates to be between £7.3m and £17.5m at 30 June 30 2024.

Management has sought input from external experienced industry figures and industry bodies to support the provision it has made.

(iii) Exceptional items (judgement)

Exceptional items are items of financial performance which the Group believes should be presented separately on the face of the income statement, to assist in understanding the underlying financial performance achieved by the Group. Determining whether an item is exceptional requires judgement. Details of exceptional items included in the financial statements are included in note 4. The exceptional items presented in the income statement meet the Group's definition of exceptional, being significant irregular income and/or expense incurred during the year, that the Group believes assists the users of the accounts by disclosing separately.

Other accounting estimates

The Consolidated Financial Statements include other areas of accounting estimates that do not meet the definition of significant accounting estimates or accounting judgements under IAS 1. The recognition and measurement of certain material assets and liabilities are based on assumptions and/or are subject to longer-term uncertainties as follows:

(i) PPP and other investments measured at fair value through other comprehensive income (estimate)

At 30 June 2024, £41.8m (2023: £44.6m) of PPP and other investments were classified as financial assets measured at fair value through other comprehensive income. In the operational phase, the fair value of these financial assets is measured at each reporting date by discounting the future value of the cash flows allocated to the financial asset. Individual discount rates have been used which equate to an overall blended discount rate of 7.6% (2023: 7.3%), which reflects the rates typically experienced in the marketplace. A 0.5% increase/reduction in the discount rate would result in a corresponding decrease/increase in the value of the investments recorded in the balance sheet of approximately £1.5m (2023: £1.6m) (note 16).

Material accounting policies

Exceptional items

Exceptional items are significant irregular items of income and/or expense including taxation which the Group believes should be disclosed in the income statement, to assist in understanding the underlying financial performance achieved by the Group, by virtue of their nature or size. Examples of items which may give rise to disclosure as exceptional items include gains and losses on the disposal of businesses and property, plant and equipment, significant unanticipated losses on contracts, cost of restructuring and reorganisation of businesses, cost of ERP system implementations, acquisition costs and asset impairments.

Segmental reporting

The Group's reporting segments are based on the types of services provided. Operating segments with similar economic characteristics have been aggregated into reportable segments which reflect the nature of the services provided by the Group. The business segmental reporting reflects the Group's management and internal reporting structure. Segmental results include items directly attributable to the segment, as well as those that can be allocated on a reasonable basis.

Revenue and profit

Revenue is recognised when the Group transfers control of goods or services to customers. Revenue comprises the fair value of the consideration received or receivable net of rebates, discounts and value-added tax. Where consideration is subject to variability, the Group estimates the amount receivable based on the most likely amount. Typically, the main factor that impacts the revenue constraint is the Group's experience with similar modifications and previous negotiations/historical success with the same client. Where there is a limited history of success, the constraint applied is typically greater. This assessment is carried out on a contract specific basis. Revenue recognised is constrained to the amount which is highly probable not to result in a significant reversal in future periods. The Group also assesses whether the costs incurred on a project depict an appropriate measure of progress, and constrain revenue accordingly.

Notes to the financial statements continued

1 Accounting policies continued

Intercompany revenue is eliminated. Revenue also includes the Group's proportion of work carried out under joint operations.

Where a modification to an existing contract occurs, the Group assesses the nature of the modification and whether it represents a separate performance obligation required to be satisfied or whether it is a modification to the existing performance obligation.

Revenue for the Group's continuing operations is recognised as follows:

Construction services

Revenue comprises the value of construction services transferred to a customer during the period. The results for the period include adjustments for the outcome of contracts, including jointly controlled operations, executed in both the current and preceding years.

Fixed price contracts – the amount of revenue recognised is calculated based on total costs incurred as a proportion of total estimated costs to complete and is recognised over time. The estimated final value includes variations, compensation events and certain claims (contract modifications) where it is highly probable that there will not be a significant reversal. Provision will be made against any expected loss as soon as it is identified.

Cost-reimbursable contracts – revenue is recognised based upon costs incurred to date plus any agreed fee and is recognised over time. Where contracts include a target price, consideration is given to the impact on revenue of the mechanism for distributing any savings or additional costs compared to the target price. Any revenue over and above the target price, which could include variations and compensation events, is recognised once it is highly probable that there will not be a significant reversal in the future.

Facilities management – management services and facilities management contracts typically represent a single performance obligation. Revenue is recognised over time as control passes to the customer and is typically measured on a straight-line basis as this is considered to be a reliable estimate of the pattern of transfer to the customer.

Recoveries from claims against third parties

The recognition of expected reimbursements resulting from certain third-party claims such as against the supply chain or through insurance recoveries is accounted for in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets. This requires recovery to be 'virtually certain' before an asset can be recognised.

Government funding

Grants (including research and development expenditure credits) are recognised when there is reasonable assurance that the Group will comply with the conditions attaching to them and the grants will be received. The grants are recognised in the income statement over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis.

Finance income and cost

Finance income and cost is recognised on a time proportion basis, using the effective interest method. Finance cost also includes the unwinding of lease liabilities.

Income tax

Current income tax is based on the taxable profit for the year. Taxable profit differs from profit before taxation recorded in the income statement because it excludes items of income or expense that are taxable or deductible in other years or that are never taxable or deductible. The liability for current tax is calculated using rates that have been enacted, or substantively enacted, by the balance sheet date.

Deferred income tax is provided using the balance sheet liability method, providing for all temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes, with the exception of the initial recognition of goodwill arising on an acquisition. Deferred tax is measured at the tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on rates and laws that have been enacted or substantively enacted by the balance sheet date. A deferred tax asset is only recognised when it is more likely than not that the asset will be recoverable in the foreseeable future out of taxable profits from which the underlying temporary differences can be deducted.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when there is an intention to settle the balances on a net basis.

Deferred income tax is charged or credited through the income statement, except when it relates to items charged or credited through the statement of comprehensive income or to equity, when it is charged or credited there.

The Group has applied the mandatory exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes.

1 Accounting policies continued

Goodwill

Goodwill arising on consolidation represents the excess of the fair value of the consideration given over the fair value of the net assets acquired. It is recognised as an asset and reviewed for impairment at least annually or when there is a triggering event, by considering the net present value of future cash flows. For purposes of testing for impairment, the carrying value of goodwill is compared to its recoverable amount, which is the higher of the value in use and the fair value less costs to sell. Any impairment is charged immediately to the income statement.

Goodwill arising on acquisitions before the date of transition to IFRS has been retained at the previous UK GAAP amounts following impairment tests. Goodwill written off to reserves under UK GAAP prior to 1998 has not been restated.

Goodwill is allocated to Cash Generating Units (CGUs) for the purpose of impairment testing. The allocation is made to those CGUs or groups of CGUs that are expected to benefit from the business combination in which the goodwill arose.

Intangible assets

Intangible assets can include brands, customer contracts and customer relationships acquired on acquisition of subsidiary companies, and computer software developed by the Group. The intangible assets are reviewed for impairment when there is a triggering event. Intangible assets are stated at cost less accumulated amortisation and impairment. Cost is determined at the time of acquisition as being directly attributable costs or, where relevant, by using an appropriate valuation methodology.

Intangible assets are amortised over the following periods:

- (a) Customer contracts and relationships – on a straight-line basis over up to 10 years.
- (b) Computer software – once the software is fully operational, amortisation is on a straight-line basis over up to 10 years.

Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the items. Land and buildings comprise mainly offices.

Depreciation is calculated to write off the cost of each asset to its estimated residual value over its expected useful life. Freehold land is not depreciated. The annual rates of depreciation on cost, applied on a straight-line basis, are as follows:

- Freehold buildings 2%
- Plant and machinery 15% to 33%
- Fixtures and fittings 10% to 33%

In addition to systematic depreciation, the book value of property, plant and equipment is written down to estimated recoverable amounts should any impairment in the respective carrying values be identified. The asset residual values, carrying values and useful lives are reviewed on an annual basis and adjusted if appropriate at each balance sheet date.

Repairs and maintenance expenditure is expensed as incurred, on an accruals basis.

Joint arrangements

The Group applies IFRS 11 to all joint arrangements. Investments in joint arrangements are classified as either joint ventures or joint operations, depending on the contractual rights and obligations of each investor.

A joint venture is an entity over which the Group has joint control and rights to the net assets of the entity. The Group's interest in joint ventures is accounted for using the equity method. Under this method the Group's share of profits or losses after taxation of joint ventures is included in the consolidated income statement and its interest in their net assets is included in investments in the consolidated balance sheet.

A joint operation is a joint arrangement that the Group undertakes with third parties, whereby those parties have rights to the assets and obligations of the arrangement. The Group accounts for joint operations by recognising its share of profits and losses in the consolidated income statement. The Group recognises its share of associated assets and liabilities in the consolidated balance sheet.

PPP and other investments

PPP and other investments are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the assets within 12 months of the balance sheet date. On initial recognition, the asset is recognised at cost.

The Group applies equity accounting for its investments in PPP/PFI entities. These investments are treated as associates as the Group has significant influence over them. On initial recognition, the investments in these entities are recognised at cost, and the carrying amounts are increased or decreased to recognise the Group's share of the profit or loss of the PPP/PFI entities after the date of acquisition. The Group's share of the investments' profits or losses is recognised in the profit or loss net of any impairment losses. Distributions received reduce the carrying amount of the investments.

Notes to the financial statements continued

1 Accounting policies continued

The debt element of the Group's PPP/PFI entities is accounted for under IFRS 9 Financial Instruments with fair value movements recorded in other comprehensive income and with recycling of gains and losses through the income statement. Tax is recognised on the movements in other comprehensive income, where we expect the recycling to attract a tax charge/credit to the income statement. This reflects the fact that the Group has a demonstrable track record of investing in PFI assets as part of an overall construction procurement strategy, with a view to churning these investments on a regular basis. Management has reviewed the classification of PPP investments and considers that the business model continues to be hold to collect and sell. The investments therefore continue to be held at fair value through other comprehensive income.

Leases

In accordance with IFRS 16, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases for low value assets. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease term at a constant periodic rate of interest on the remaining balance of the liability. The right-of-use asset is depreciated over the lease term on a straight-line basis, unless the useful life of the asset is shorter than the lease term.

Trade and other receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established based on an expected credit loss model (general or simplified approach, as detailed under impairment of financial assets). The amount of the loss is recognised in the income statement through administrative expenses unless presented separately.

When a trade receivable is uncollectible, it is written off against the impairment provision for trade receivables. Subsequent recoveries of amounts previously written off are credited against costs in the income statement. Short-term trade receivables do not carry any interest and are stated at their amortised cost, as reduced by appropriate allowances for estimated irrecoverable amounts.

Impairment of financial assets

IFRS 9 establishes a model for recognition and measurement of impairment in financial assets. Loans and receivables and contract assets apply the 'Expected Credit Losses' (ECL) model. All other assets are classified and measured at fair value, with movements going through the income statement or other comprehensive income. Expected credit losses are recognised and measured according to one of three approaches – a general approach (12 months ECL), a simplified approach (lifetime ECL) or the 'credit adjusted approach'. The Group has taken the practical expedient to apply a simplified 'provision matrix' for calculating expected losses. The provision matrix is based on an entity's historical default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. For large one-off balances where there is no historic experience, analysis is completed in respect of a number of reasonably possible scenarios.

Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at nominal value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash at bank and in hand, including bank deposits with original maturities of three months or less. Bank overdrafts met the requirement for offsetting in the balance sheet and have been off-set with cash and cash equivalent and are included for purposes of cash flow movements and the cash flow statement.

Trade and other payables

Trade payables and other payables are recognised initially at fair value and subsequently measured at amortised cost, using the effective interest method.

Provisions for liabilities and charges

Provisions for liabilities and charges are recognised when, as a result of past events, the Group has a present legal or constructive obligation, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation, using the pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as an interest expense.

Retirement benefit obligations

For defined contribution schemes operated by the Group, amounts payable are charged to the income statement as they accrue.

1 Accounting policies continued

Accounting for Employee Share Ownership Plan

Own shares held by the Galliford Try Employee Share Trust (the 'Trust') are included in the Group financial statements as a deduction from retained earnings. The charge made to the income statement for employee share awards and options is based on the fair value of the award at the date of grant, spread over the performance period. Where such shares subsequently vest to the employees under the terms of the Group's share option schemes or are sold, any consideration received is included in equity.

Share-based payments

The Group operates a number of equity-settled, share-based compensation plans. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense over the vesting period. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions such as growth in earnings per share. Non-market vesting conditions are included in assumptions about the number of options that are expected to vest.

At each balance sheet date, the Group revises its estimates of the number of options that are expected to vest. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised. The grant by the Company of options over its equity instruments to the employees of subsidiary undertakings in the Group is treated as an increase in the cost of the investment in subsidiaries.

Dividend

Final dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders. Interim dividends are recognised when paid.

Equity instruments

Equity instruments, such as ordinary share capital, issued by the Company are recorded at the proceeds received net of directly attributable incremental issue costs. Consideration paid for shares in the Company held by the Trust are deducted from total equity.

Investments in subsidiaries

The Company's investments in subsidiaries are recorded in the Company's balance sheet at cost less any impairment. The directors review the investments for impairment annually.

2 Segmental reporting

Segmental reporting is presented in the consolidated financial statements in respect of the Group's business segments, which are the primary basis of segmental reporting. The business segmental reporting reflects the Group's management and internal reporting structure. Segmental results include items directly attributable to the segment, as well as those that can be allocated on a reasonable basis. As the Group has no activities outside the UK, segment reporting is not required by geographical region.

The Chief Operating Decision-Makers (CODM) have been identified as the Group's Chief Executive and Chief Financial Officer. The CODM review the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments of the Group to be Building, Infrastructure, Investments and Central (primarily representing central overheads).

The CODM assess the performance of the operating segments based on a measure of adjusted earnings before finance costs, amortisation, exceptional items and taxation. This measurement basis excludes the effects of non-recurring expenditure and exceptional items from the operating segments, such as restructuring costs and impairments when the impairment is the result of an isolated, non-recurring event. In the financial year ended 30 June 2023, the Group has also presented pre-exceptional performance excluding the impairment of financial assets as a result of a one off contract settlement as announced on 8 June 2023 (disclosed in the consolidated income statement as an impairment of financial assets of £2.8m). Interest income and expenditure are included in the result for each operating segment that is reviewed by the CODM. Other information provided to them is measured in a manner consistent with that in the financial statements.

Notes to the financial statements continued

2 Segmental reporting continued**Income statement**

Year ended 30 June 2024	Building £m	Infrastructure £m	PPP Investments £m	Central £m	Total £m
Revenue	938.3	819.8	14.7	-	1,772.8
Pre-exceptional operating profit/(loss) before amortisation	24.0	20.1	(1.0)	(13.5)	29.6
Finance income	0.1	0.3	3.8	4.6	8.8
Finance costs	(1.2)	(1.6)	-	(0.6)	(3.4)
Pre-exceptional profit/(loss) before amortisation and taxation	22.9	18.8	2.8	(9.5)	35.0
Amortisation of intangible assets	(1.0)	(1.1)	-	(0.2)	(2.3)
Pre-exceptional profit/(loss) before taxation	21.9	17.7	2.8	(9.7)	32.7
Exceptional items	-	0.8	-	(2.6)	(1.8)
Profit before tax	21.9	18.5	2.8	(12.3)	30.9
Income tax credit					5.3
Profit for the year					36.2
Year ended 30 June 2023	Building £m	Infrastructure £m	PPP Investments £m	Central £m	Total £m
Revenue	797.1	590.8	5.8	-	1,393.7
Pre-exceptional operating profit/(loss) before amortisation and impairment of financial assets	18.5	14.5	1.4	(12.5)	21.9
Finance income	-	0.3	3.9	2.1	6.3
Finance costs	(0.7)	(0.7)	(0.1)	(0.3)	(1.8)
Pre-exceptional profit/(loss) before amortisation and taxation and amortisation of financial assets	17.8	14.1	5.2	(10.7)	26.4
Amortisation of intangible assets	(1.0)	(0.9)	-	(1.1)	(3.0)
Pre-exceptional profit/(loss) before taxation and impairment of financial assets	16.8	13.2	5.2	(11.8)	23.4
Impairment of financial assets	-	(2.8)	-	-	(2.8)
Exceptional items	-	-	-	(10.5)	(10.5)
Profit before tax	16.8	10.4	5.2	(22.3)	10.1
Income tax charge					(1.0)
Profit for the year					9.1

Inter-segment revenue is eliminated from revenue above. In the year to 30 June 2024, this amounted to £91.8m (2023: £61.0m) for continuing operations, of which £0.6m (2023: £nil) was in Building, £57.8m (2023: £40.1m) was in Infrastructure, £13.8m (2023: £nil) was in Investments and £19.6m (2023: £20.9m) was in central costs.

2 Segmental reporting continued

Balance sheet

30 June 2024	Notes	Building £m	Infrastructure £m	PPP Investments £m	Central £m	Total £m
Goodwill and intangible assets		40.0	57.9	-	-	97.9
Other including working capital employed		(60.2)	(160.7)	42.7	(24.3)	(202.5)
Net cash	18	158.3	50.4	(7.0)	25.3	227.0
Net assets/(liabilities)		138.1	(52.4)	35.7	1.0	122.4
Total Group liabilities						(698.4)
Total Group assets						820.8

30 June 2023	Notes	Building £m	Infrastructure £m	PPP Investments £m	Central £m	Total £m
Goodwill and intangible assets		41.0	57.1	-	0.2	98.3
Other including working capital employed		(60.9)	(178.2)	43.3	(4.1)	(199.9)
Net cash	18	139.0	42.7	(8.6)	47.1	220.2
Net assets/(liabilities)		119.1	(78.4)	34.7	43.2	118.6
Total Group liabilities						(594.1)
Total Group assets						712.7

Other segmental information

Year ended 30 June 2024	Notes	Building £m	Infrastructure £m	PPP Investments £m	Central £m	Total £m
Contracting revenue		938.3	819.8	-	-	1,758.1
Capital expenditure – property, plant and equipment	13	0.1	1.0	-	0.5	1.6
Total depreciation	13 & 14	7.5	9.9	0.4	0.6	18.4
Share-based payments	25	0.2	0.6	0.2	0.8	1.8
Acquisition of intangible assets ¹	30	-	1.0	-	-	1.0
Amortisation of intangible assets	11	1.0	1.1	-	0.2	2.3

Year ended 30 June 2023	Notes	Building £m	Infrastructure £m	PPP Investments £m	Central £m	Total £m
Contracting revenue		797.1	590.8	-	-	1,387.9
Capital expenditure – property, plant and equipment	13	0.8	1.2	0.1	0.1	2.2
Total depreciation	13 & 14	6.4	6.1	0.2	0.9	13.6
Share-based payments	17	0.9	0.5	0.4	1.6	3.4
Acquisition of intangible assets ¹	25	-	0.3	-	-	0.3
Amortisation of intangible assets	11	1.0	0.9	-	1.1	3.0

1 Acquired as part of a business combination. See note 30.

Notes to the financial statements continued

3 Revenue

Nature of revenue streams

(i) Building and Infrastructure segments

Our Construction business operates nationwide, working with clients predominantly in the public and regulated sectors, such as health, education and defence markets within the Building segment and road and water markets within the Infrastructure segment (as well as private commercial clients). Projects include the construction of assets (with services including design and build, construction only and refurbishment) in addition to the maintenance, renewal, upgrading and managing of services across utility and infrastructure assets.

Revenue stream	Nature, timing of satisfaction of performance obligations and significant payment terms
Fixed price	<p>A number of projects within these segments are undertaken using fixed-price contracts.</p> <p>Contracts are typically accounted for as a single performance obligation; even when a contract (or multiple combined contracts) includes both design and build elements, they are considered to form a single performance obligation as the two elements are not distinct in the context of the contract, given that each is highly interdependent on the other.</p> <p>The Group typically receives payments from the customer based on a contractual schedule of value that reflects the timing and performance of service delivery. Revenue is therefore recognised over time (the period of construction) based on an input model (reference to costs incurred to date). On a number of contracts, the Group recognised revenue over time (the period of construction) based on an output model (reference to milestone reached, units delivered or work certified). Un-invoiced amounts are presented as contract assets.</p> <p>No significant financing component typically exists in these contracts.</p>
Cost-reimbursable	<p>A number of projects are undertaken using cost reimbursable/target price (possibly with a pain/gain share mechanism) contracts.</p> <p>These projects are often delivered under frameworks, however, individual performance obligations under the framework are normally determined at a project level where multiple services are supplied. The Group constrains revenue and calculates any pain/gain mechanism at the framework level where appropriate.</p> <p>The Group typically receives payments from the customer based on actual costs incurred. Revenue is therefore recognised over time (the period of construction) based on an input model (reference to costs incurred to date). Un-invoiced amounts are presented as contract assets.</p> <p>No significant financing component typically exists in these contracts.</p>
Facilities management¹	<p>Contracts undertaken within the Building segment that provide full life-cycle solutions to clients, are accounted for as a single performance obligation, with revenue recognised over time and typically on a straight-line basis.</p>

¹ Facilities management represents around 5% of the total Building segment turnover.

(ii) Investments segment

Our Investments business specialises in managing construction through to operations for major building projects through public private partnerships and co-development opportunities. The business leads bid consortia and arranges finance, as well as making debt and equity investments (which are recycled).

Revenue stream	Nature, timing of satisfaction of performance obligations and significant payment terms
Investments	<p>The Group has investments in a number of PPP Special Purpose Vehicles (SPVs), delivering major building and infrastructure projects.</p> <p>Development fees and land sales on co-development private rental schemes represent a performance obligation that is recognised at a point in time when control is deemed to pass to the customer (on financial close).</p> <p>The business additionally provides management services and project manages developments under Management Service Agreements (MSA) or separate development arrangements. Revenue for these services is typically recognised over time as and when the service is delivered to the customer.</p> <p>The business additionally provides management services to the SPVs under MSA. Revenue for these services is typically recognised over time as and when the service is delivered to the customer.</p>

3 Revenue continued

Disaggregation of revenue

The Group considers the split of revenue by operating segment to be the most appropriate disaggregation. All revenue has been derived from performance obligations settled over time, except for £7.3m (2023: £nil) that is recognised at a point in time within the investments segment.

Revenue on existing contracts, where performance obligations are unsatisfied or partially unsatisfied at the balance sheet date, is expected to be recognised as follows:

Revenue – year ended 30 June 2024	2025 £m	2026 £m	2027 onwards £m	Total £m
Building	660.1	177.0	1.9	839.0
Infrastructure	572.3	157.9	16.6	746.8
Total Construction	1,232.4	334.9	18.5	1,585.8
Investments	2.8	2.5	25.3	30.6
Total transaction price allocated to performance obligations yet to be satisfied	1,235.2	337.4	43.8	1,616.4

Revenue – year ended 30 June 2023	2024 £m	2025 £m	2026 onwards £m	Total £m
Building	614.4	214.4	32.7	861.5
Infrastructure	453.1	185.0	49.4	687.5
Total Construction	1,067.5	399.4	82.1	1,549.0
Investments	3.2	2.6	26.5	32.3
Total transaction price allocated to performance obligations yet to be satisfied	1,070.7	402.0	108.6	1,581.3

Any element of variable consideration is estimated at a value that is highly probable not to result in a significant reversal in the cumulative revenue recognised.

4 Exceptional items

	2024 £m	2023 £m
Implementation costs of cloud-based arrangements ¹ – administrative expenses	(2.6)	(10.5)
Finance income ²	0.8	–
Loss before tax	(1.8)	(10.5)
Associated tax credit on items above (note 8)	0.5	2.1
Exceptional income tax credit (note 8) ²	9.6	–
Total	8.3	(8.4)

1 The Group incurred £2.6m (2022: £10.5m) of customisation and configuration costs associated with the move to Oracle Fusion, a cloud-based computing arrangement, during the period. Taking into account the IFRIC Agenda Decision issued by the IFRS IC in March 2021, the Group has analysed the costs and concluded that these costs should be expensed in the period. In accordance with the Group's existing accounting policy, management considers that the costs should be separately disclosed as exceptional because they are significant and irregular. The move to Oracle Fusion is now complete with no further exceptional costs expected.

2 The Group previously disclosed that it had not recognised an asset in respect of historic trading losses due to the losses being subject to agreement with HMRC. This led to an uncertain tax position where no asset was recognised as, based on the advice of tax advisors, the group concluded it was not probable HMRC would accept the claims to utilise the losses. During the year to 30 June 2024 HMRC agreed a quantum of historic trading losses available and that they could be utilised against historical trading profits, resulting in a cash tax refund of £9.6m with associated interest of £0.8m, which was received after 30 June 2024. Management considers that the refund should be disclosed separately as exceptional given it is material in quantum and one off in nature.

An associated tax credit of £0.5m (2023: £2.1m) has been recognised in respect of the implementation costs of cloud based arrangements and the exceptional finance income (£0.2m tax charge (2023: n/a)).

Notes to the financial statements continued

5 Employees and directors**Employee benefit expense during the year**

	Notes	Group		Company	
		2024 £m	2023 £m	2024 £m	2023 £m
Wages and salaries		229.2	206.6	-	-
Social security costs		27.8	24.8	-	-
Other pension costs		25.4	21.9	-	-
Share-based payments	25	1.8	3.4	-	-
Total		284.2	256.7	-	-

All employees are entitled to join the Galliford Try Pension Scheme, a defined contribution scheme established as a stakeholder plan, with a Company contribution based on a scale dependent on the employee's age and the amount they choose to contribute. Since 1 July 2013, all non-participating and newly employed staff have been auto-enrolled into the separate stakeholder plan and are entitled to increase their contribution rates in line with existing members. Since 1 April 2009, the Group has operated a pension salary sacrifice scheme, which means that all employee pension contributions are paid as employer contributions on their behalf.

All pension costs in the current and prior years were in respect of the Group's defined contribution schemes. Of the total charge, £14.1m (2023: £10.4m) and £11.3m (2023: £11.5m) were included, respectively, within cost of sales and administrative expenses.

Average monthly number of people (including Executive and non-executive directors) employed

	Group		Company	
	2024 Number	2023 Number	2024 Number	2023 Number
By business:				
- Building	1,296	1,271	-	-
- Infrastructure	2,575	2,235	-	-
Construction	3,871	3,506	-	-
Investments	58	60	-	-
Central	193	181	6	7
Total	4,122	3,747	6	7

Remuneration of key management personnel

The key management personnel comprise the Executive Board and non-executive directors. The remuneration of the key management personnel of the Group is set out below in aggregate for each of the categories specified in IAS 24, Related Party Disclosures. Further information about the remuneration of individual directors, including any interests in the Company's shares, is provided in the audited part of the Directors' remuneration report.

	2024 £m	2023 £m
Salaries and short-term employee benefits	3.5	3.8
Retirement benefit costs	0.3	0.3
Share-based payments	1.1	2.9
Total	4.9	7.0

6 Net finance income

Group	2024 £m	2023 £m
Interest receivable on bank deposits	4.6	2.4
Interest receivable from PPP Investments and joint ventures	4.2	3.9
Finance income	8.8	6.3
Other (including interest on lease liabilities)	(3.4)	(1.8)
Finance costs before exceptional items	(3.4)	(1.8)
Exceptional items	0.8	-
Net finance income	6.2	4.5

7 Profit before income tax

The following items have been included in arriving at profit before income tax:

	Notes	2024 £m	2023 £m
Employee benefit expense	5	284.2	256.7
Total depreciation	13 & 14	18.4	13.6
Amortisation and impairment of intangible assets	11	2.3	3.5
Repairs and maintenance expenditure on property, plant and equipment		1.6	1.0
Impairment of financial assets	17	-	2.8
Exceptional items	4	1.8	10.5

In addition to the above, the Group incurs other costs classified as cost of sales relating to labour, materials and subcontractors' costs.

Services provided by the Group's auditor and network firms

During the year, the Group obtained the following services from the Group's auditor at costs as detailed below:

	2024 £m	2023 £m
Fees payable to the Company's auditor for the audit of Parent Company and consolidated financial statements	0.2	0.2
Fees payable to the Company's auditor for other services:		
The audit of financial statements of the Company's subsidiaries	2.0	2.1
Audit-related assurance services	0.1	0.1
Total other services	2.1	2.2
Total	2.3	2.4

The audit fee for 2024 and 2023 includes an amount in respect of additional costs related to the 2023 and 2022 audit respectively. A description of the work of the Audit Committee in respect of the auditor's independence is set out in the Governance report.

Notes to the financial statements continued

8 Income tax charge/(credit)

Group	Notes	2024 £m	2023 £m
Analysis of expense in year			
Current year's income tax			
Current tax – pre-exceptional items		3.3	-
Current tax – exceptional items	4	(0.5)	-
Deferred tax – pre-exceptional item		5.0	3.0
Deferred tax – exceptional items	22	-	(2.1)
Adjustments in respect of prior years			
Current tax – exceptional items	4	(9.6)	-
Deferred tax – pre-exceptional items	22	(3.5)	0.1
Income tax (credit)/expense		(5.3)	1.0
Tax on items recognised in other comprehensive income			
Tax recognised in other comprehensive income		-	-
Total tax (credit)/expense		(5.3)	1.0

The total income tax credit for the year of £5.3m (2023: charge of £1.0m) is lower (2023: lower) than the expected charge based on the standard rate of corporation tax in the UK of 25.0% (2023: 20.50%). The differences are explained below:

	2024 £m	2023 £m
Profit before income tax	30.9	10.1
Profit before income tax multiplied by the blended standard corporation tax rate in the UK of 25% (2023: 20.5%)	7.7	2.1
Effects of:		
Expenses not deductible for tax purposes	0.2	0.1
Non-taxable income	(0.2)	(1.0)
Adjustments in respect of prior years	(13.1)	0.1
Change in tax rates	-	0.1
Other	0.1	(0.4)
Income tax (credit)/expense	(5.3)	1.0

The adjustments in respect of prior years include a £9.6m tax credit for exceptional items, as explained in note 4.

The Group is within the scope of OECD Pillar Two rules. The rules are designed to ensure a minimum effective tax rate of 15% across each country of operation. The rules were enacted into UK law in July 2023 and are effective from 1 July 2024 to the Group. Due to the Group trading only in the UK, it is not expected there will be a significant impact as a result of the implementation of the rules, however the Group continues to review any potential implications with advisors.

In the Spring Budget 2021, the UK Government announced that from 1 April 2023, the corporation tax rate would increase from 19% to 25%. This new law was substantively enacted in the Finance Bill 2021 and received Royal Assent on 10 June 2021. Where appropriate, deferred taxes at the balance sheet date have been measured using the appropriate tax rates (based on when the underlying balance is expected to crystallise) and reflected in these financial statements.

9 Dividends

Group and Company	2024		2023	
	£m	pence per share	£m	pence per share
Previous year final	7.7	7.5	6.4	5.8
Special	12.5	12.0	-	-
Current year interim	4.0	4.0	3.2	3.0
Dividend recognised in the year	24.2	23.5	9.6	8.8

The following dividends were declared by the Company in respect of each accounting period presented:

	2024		2023	
	£m	pence per share	£m	pence per share
Interim	4.1	4.0	3.2	3.0
Special	-	-	12.6	12.0
Final	11.9	11.5	7.9	7.5
Dividend relating to the year	16.0	15.5	23.7	22.5

The directors are proposing a final dividend in respect of the financial year ended 30 June 2024 of 11.5 pence per share (2023: 7.5 pence per share), bringing the total dividend in respect of 2024 to 15.5 pence per share (2023: 22.5 pence per share). The final dividend will absorb approximately £11.9m of equity. Subject to shareholders' approval at the AGM to be held on 28 November 2024, the dividend will be paid on 5 December 2024 to shareholders who are on the register of members at the close of business on 8 November 2024.

The directors declared a special dividend of 12.0 pence per share on 8 June 2023 following the settlement of its long-standing dispute concerning three contracts with entities owned by a major infrastructure fund, returning a substantial portion of the proceeds to shareholders.

10 Earnings per share

Basic and diluted earnings per share (EPS)

Basic EPS is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year, excluding those held by the Trust, which are treated as cancelled.

Under normal circumstances, the average number of shares is diluted by reference to the average number of potential ordinary shares held under option in the year. The dilutive effect amounts to the number of ordinary shares which would be purchased using the aggregate difference in value between the market value of shares and the share option price. Only shares that have met their cumulative performance criteria are included in the dilution calculation. The Group has two classes of potentially dilutive ordinary shares: those share options granted to employees where the exercise price is less than the average market price of the Company's ordinary shares during the year and the contingently issuable shares under the Group's long-term incentive plans. A loss per share cannot be reduced through dilution, hence this dilution is only applied where the Group has reported a profit.

The earnings and weighted average number of shares used in the calculations are set out in the following table.

Notes to the financial statements continued

10 Earnings per share continued

	2024			2023		
	Earnings £m	Weighted average number of shares	Per share amount pence	Earnings £m	Weighted average number of shares	Per share amount pence
Basic EPS – pre-exceptional						
Earnings attributable to ordinary shareholders pre-exceptional items	27.9	100,051,095	27.9	17.5	105,180,316	16.6
Basic EPS						
Earnings attributable to ordinary shareholders post-exceptional items	36.2	100,051,095	36.2	9.1	105,180,316	8.7
Effect of dilutive securities:						
Options	n/a	4,315,217	n/a	n/a	7,286,375	n/a
Diluted EPS – pre-exceptional	27.9	104,366,312	26.7	17.5	112,466,691	15.6
Diluted EPS	36.2	104,366,312	34.7	9.1	112,466,691	8.1

The pre-exceptional EPS (basic) excluding the impact of the one-off contract settlement as announced on 8 June 2023 (note 17) is 18.9p (and diluted EPS is 17.7p).

11 Intangible assets

Group	Notes	Customer contracts and relationships £m	Computer software £m	Total £m
Cost				
At 1 July 2022		17.4	11.5	28.9
Additions	30	0.3	–	0.3
At 30 June 2023		17.7	11.5	29.2
Additions	30	1.0	–	1.0
At 30 June 2024		18.7	11.5	30.2
Accumulated amortisation and impairment loss				
At 1 July 2022		(10.7)	(9.4)	(20.1)
Amortisation in year		(1.8)	(1.2)	(3.0)
Impairment loss		–	(0.5)	(0.5)
At 1 July 2023		(12.5)	(11.1)	(23.6)
Amortisation in year		(1.9)	(0.4)	(2.3)
At 30 June 2024		(14.4)	(11.5)	(25.9)
Net book amount				
At 30 June 2024		4.3	–	4.3
At 30 June 2023		5.2	0.4	5.6
At 30 June 2022		6.7	2.1	8.8

All amortisation charges in the year have been included in administrative expenses. Computer software relates to the Group's reporting systems. The remaining period of amortisation on customer contracts and relationships ranges between two and nine years.

12 Goodwill

Group	Notes	£m
Cost		
At 30 June 2022		88.2
Additions	30	4.5
At 30 June 2023		92.7
Additions	30	0.9
At 30 June 2024		93.6
Aggregate impairment at 30 June 2022, 2023 and 2024		-
At 30 June 2022, 2023 and 30 June 2024		-
Net book amount		
At 30 June 2024		93.6
At 30 June 2023		92.7
At 30 June 2022		88.2

Goodwill is allocated to the Group's CGUs identified according to business segment. The goodwill is attributable to the following business segments:

	2024 £m	2023 £m
Building	40.0	40.0
Infrastructure	53.6	52.7
	93.6	92.7

Impairment review of goodwill and key assumptions

Goodwill is tested for impairment at least annually. The recoverable amount of a CGU is determined based on value in use calculations. These calculations use pre-tax cash flow projections based on future financial budgets approved by the Board, based on past performance and its expectation of market developments. The key assumptions within these budgets relate to revenue and the future profit margin achievable, in line with our strategy and targets as set out in the Strategic report. Future budgeted revenue is based on management's knowledge of actual results from prior years and latest forecasts for the current year, along with the existing secured works and management's expectation of the future level of work available within the market sector. In establishing future profit margins, the margins currently being achieved are considered in conjunction with expected inflation rates in each revenue and cost category. In Building and Infrastructure, the margins currently being achieved are expected to increase in line with the strategy set out in the Strategic report.

Cash is monitored on a daily, weekly and monthly basis for the purposes of managing both treasury and the business as a whole. Details of the Group's treasury management are included within the Financial review in the Strategic report of the Annual Report. The assumptions used are reviewed regularly and differences between forecast and actual results are closely monitored, with variances being investigated fully. The knowledge gained from this past experience is used to ensure that the future assumptions used are consistent with past actual outcomes and are management's best estimate of the future cash flows of each business unit.

Cash flows beyond the budgeted three-year period are extrapolated using an estimated growth rate within each segment. The growth rate used is the Group's estimate of the average long-term growth rate for the market sectors in which the CGU operates. Furthermore, sensitivity analysis has been undertaken on each goodwill impairment review, by changing the discount rates, profit margins, growth rates and other variables applicable to each CGU, and the results are noted below.

Notes to the financial statements continued

12 Goodwill continued

The pre-tax discount rates for each CGU are noted below.

Building CGU

A pre-tax discount rate of 12.9% (2023: 15.0%) in Building has been applied to the future cash flows, based on an estimate of the weighted average cost of capital (WACC) of that division.

A long-term growth rate of 2% per annum has been applied to the budgeted cash flows (reflecting the Board-approved budget operating margins and working capital cash flows) into perpetuity and these assumptions result in the recoverable value of this CGU being significantly in excess of the carrying value of the CGU assets.

The Building CGU is not sensitive to changes in key assumptions and management does not consider that any reasonable possible change in any single assumption or combination of reasonable possible changes in assumptions would give rise to an impairment of the carrying value of goodwill and intangibles.

Infrastructure CGU

A pre-tax discount rate of 12.8% (2023: 14.6%) in Infrastructure has been applied to the future cash flows, based on an estimate of the weighted average cost of capital of that division.

A long-term growth rate of 2% per annum has been applied to the budgeted cash flows (reflecting the Board-approved budget operating margins and working capital cashflows) into perpetuity and these assumptions result in the recoverable value of this CGU being significantly in excess of the carrying value of the CGU assets.

The Infrastructure CGU is not sensitive to changes in key assumptions and management does not consider that any reasonable possible change in any single assumption or combination of reasonable possible changes in assumptions would give rise to an impairment of the carrying value of goodwill and intangibles.

13 Property, plant and equipment

Group	Land and buildings £m	Plant and machinery £m	Fixtures and fittings £m	Total £m
Cost				
At 1 July 2022	2.8	3.2	10.5	16.5
Additions	0.9	1.0	0.3	2.2
Disposals	(0.4)	-	(6.5)	(6.9)
At 1 July 2023	3.3	4.2	4.3	11.8
Additions	0.2	0.6	0.8	1.6
Disposals	(0.2)	(3.4)	(0.3)	(3.9)
At 30 June 2024	3.3	1.4	4.8	9.5
Accumulated depreciation				
At 1 July 2022	(0.5)	(0.5)	(8.4)	(9.4)
Charge for the year	(0.5)	(0.4)	(0.7)	(1.6)
Disposals	0.1	-	6.3	6.4
At 1 July 2023	(0.9)	(0.9)	(2.8)	(4.6)
Charge for the year	(0.3)	(0.2)	(0.5)	(1.0)
Disposals	0.2	0.9	0.3	1.4
At 30 June 2024	(1.0)	(0.2)	(3.0)	(4.2)
Net book amount				
At 30 June 2024	2.3	1.2	1.8	5.3
At 30 June 2023	2.4	3.3	1.5	7.2
At 30 June 2022	2.3	2.7	2.1	7.1

There has been no impairment of property, plant and equipment during the year (2023: £nil).

The Company has no property, plant or equipment.

14 Leases

This note provides information for leases where the Group is a lessee.

The Company holds no leases.

Right-of-use assets

Cost	Land and buildings £m	Plant and machinery £m	Motor vehicles £m	Total £m
At 30 June 2023	17.4	8.7	33.4	59.5
At 30 June 2024	18.8	13.0	48.5	80.3
Accumulated depreciation				
At 30 June 2023	(4.8)	(2.5)	(13.6)	(20.9)
At 30 June 2024	(6.2)	(4.8)	(17.9)	(28.9)
Net book amount				
At 30 June 2024	12.6	8.2	30.6	51.4
At 30 June 2023	12.6	6.2	19.8	38.6

Additions to the right-of-use assets during the 2024 financial year were £30.8m (2023: 26.1m).

Lease liabilities

	2024 £m	2023 £m
Current	20.5	14.9
Non-current	32.5	24.2
Total lease liabilities	53.0	39.1

Movement in Lease Liabilities from financing activities

	Opening balance	Financing cash flows	New leases	Interest expense	Interest payments (presented as operating cash flows)	Closing balance
2023	24.8	(12.0)	26.3	1.6	(1.6)	39.1
2024	39.1	(16.7)	30.6	2.9	(2.9)	53.0

Notes to the financial statements continued

14 Leases continued

The consolidated income statement shows the following amounts relating to leases for continuing operations:

	2024 £m	2023 £m
Depreciation of right-of-use assets:		
– Land and buildings	2.5	2.5
– Plant and machinery	4.2	2.6
– Motor vehicles	10.7	6.9
Interest expense (included in finance cost)	2.9	1.6
Expense relating to short-term leases (included in cost of sales and administrative expenses)	13.2	10.7
Expense relating to leases of low-value assets that are not shown above as short-term leases (included in administrative expenses)	0.7	0.8
Total expenses	34.2	25.1

The total cash outflow for leases in the year to 30 June 2024 was £19.5m, of which £2.9m was included in net interest expense – note 6 (2023: £13.6m and £1.6m respectively).

Maturity of contractual undiscounted future lease payments:

As at 30 June 2024

	Land and buildings £m	Plant and machinery £m	Motor vehicles £m	Total £m
Less than 1 year	3.0	4.1	13.4	20.5
Between 1 and 5 years	8.9	1.8	24.1	34.8
More than 5 years	8.8	–	–	8.8
Total	20.7	5.9	37.5	64.1

As at 30 June 2023

	Land and buildings £m	Plant and machinery £m	Motor vehicles £m	Total £m
Less than 1 year	3.1	3.6	8.3	15.0
Between 1 and 5 years	8.3	2.5	14.1	24.9
More than 5 years	8.4	–	–	8.4
Total	19.8	6.1	22.4	48.3

15 Investments in subsidiaries

Company	2024 £m	2023 £m
Cost		
As at 1 July 2023 and 2022	188.5	188.0
Additions	0.7	0.5
At 30 June	189.2	188.5
Aggregate impairment		
As at 1 July 2023 and 2022	-	-
At 30 June	-	-
Net book value		
At 30 June	189.2	188.5

The carrying value of investments was reviewed and no impairment indicator was identified.

The subsidiary undertakings that principally affected profits and net assets of the Group were:

Galliford Try Construction Limited
 Galliford Try Infrastructure Limited¹
 Galliford Try Investments Limited
 Galliford Try Facilities Management Limited
 Galliford Try Services Limited
 Galliford Try Limited²

¹ Incorporated in Scotland.

² Shares owned directly by the Company.

Unless otherwise stated, each subsidiary has a 30 June year-end, operates as a construction company, is incorporated in England & Wales and 100% of ordinary shares and voting rights are held by the Group. Galliford Try Services Limited operates as central administration company to the Group.

On 30 November 2023, the Group disposed of 100% of the share capital of Rock & Alluvium Limited for consideration of £3.9m, of which £1.8m was satisfied on completion of the disposal, with a further £2.1m due on 30 November 2024, which generated £0.1m gain on disposal.

A full list of the Group's undertakings is set out in note 33.

Notes to the financial statements continued

16 PPP and other investments

Group	2024 £m	2023 £m
At 1 July	44.6	47.5
Disposals and subordinated loan repayments	(1.3)	(0.5)
Movement in fair value	(1.5)	(2.4)
At 30 June	41.8	44.6

These comprise debt and equity investments in PPP/PFI investments (joint ventures and associates) over which the Group has significant influence.

Debt investments at fair value through OCI

The debt element of the investments represents over 99% of the total portfolio balance and is held at fair value. The fair value reflects a blended discount rate of 7.6% (2023: 7.3%). A 0.5% increase/reduction in the discount rate would result in a corresponding decrease/increase in the value of the investments recorded in the balance sheet of approximately £1.5m (2023: £1.6m).

None of the financial assets are past their due dates (2023: £nil), and the directors expect an average maturity profile in excess of 10 years. Further disclosures relating to financial assets are set out in note 23.

The expected credit loss (ECL) was assessed to be minimal and accordingly no ECL was recognised.

During the year, there were no additions (2023: £nil) to the Group's PPP/PFI investments and subordinated loans of £1.3m (2023: £0.5m) were repaid. Of the total fair value movement in the year of £1.5m, all of it relates to the movement in the fair value of the PPP/PFI investments (2023: £2.4m) and has been recorded through other comprehensive income.

The Group has commitments of £nil (2023: £nil) to provide further subordinated debt to its investments.

Equity accounted investments

The Group applies equity accounting to the equity element of its PPP/PFI investments. As the predominant value to the Group is within the debt element, £nil (2023: £nil) has been recognised through equity accounting. The joint ventures and associates have non-profit distribution agreements or restrictions on timing and quantum of distributions being made.

The material joint ventures (due to their shareholding and/or issuing listed debt) are disclosed within this note. The net assets disclosed in the income statement and balance sheet extracts below are not recognised as part of the investment in joint ventures. The information disclosed reflects the amounts presented in the financial statements or management accounts of the relevant joint ventures and associates and not the Group's share of those amounts.

The Group has an investment in Space Scotland Limited which it considers to be a material joint venture by virtue of the companies it is a shareholder of. Space Scotland Limited holds the Group's investments in several of the PPP/PFI entities to which this note relates. The individual entities are not considered to be material to the Group. The income statement and balance sheets for Space Scotland Limited are £nil (2023: £nil).

16 PPP and other investments continued

	Aberdeen Roads (Finance) Plc		Aberdeen Roads Limited ¹	
	2024 £m	2023 £m	2024 £m	2023 £m
Income statement – extracts				
Revenue ²	-	-	(1.9)	(1.1)
Depreciation and amortisation	-	-	-	-
Finance income	23.3	24.1	29.7	29.7
Finance expense	(23.3)	(24.1)	(23.3)	(29.6)
Income tax expense	-	-	-	-
Profit (100%)	-	-	-	-
Other comprehensive (expense)/income	(2.1)	2.9	-	-
Total comprehensive income (100%)	(2.1)	2.9	-	-
Group's share of profit and total comprehensive income	(0.7)	1.0	-	-
Dividends received by the Group during the year	-	-	-	-
Balance sheet – extracts				
Cash and cash equivalents	0.9	0.2	28.0	29.3
Other current assets	-	-	4.9	4.9
Current assets	0.9	0.2	32.9	34.2
Non-current assets	515.1	536.3	520.2	532.6
Current external borrowings – bank/listed bonds	(19.5)	(19.5)	-	-
Other current liabilities	(3.4)	(3.6)	(39.5)	(34.8)
Current liabilities	(22.9)	(23.1)	(39.5)	(34.8)
Non-current external borrowings – bank/listed bonds	(445.3)	(460.1)	-	-
Other non-current liabilities	(45.4)	(48.7)	(513.6)	(532.0)
Non-current liabilities	(490.7)	(508.8)	(513.6)	(532.0)
Net assets (100%)	2.5	4.6	-	-

1 Material due to their holdings and/or issuing listed debt.

2 Revenue includes a deduction for the non-profit distribution model (NPD) surplus.

The Group's share of PPP and other investments' external bank funding was £233.5m at 30 June 2024 (2023: £245.3m). The Group's share of these entities' other external funding consists of £64.1m (2023: £64.1m) of listed bonds. These balances are non-recourse to the Group.

During the year to 30 June 2023 the Group disposed of equity accounted interests in joint ventures held at Enil, generating a profit on disposal of £3.6m.

Details of related party transactions with joint ventures and associates are given in note 29. The Group's shareholding in each joint venture and associate can be seen in note 33.

Notes to the financial statements continued

17 Trade and other receivables

	Notes	Group	
		2024 £m	2023 £m
Current assets:			
Trade receivables		43.7	52.0
Less: provision for impairment of receivables		(0.4)	(0.1)
Trade receivables – net		43.3	51.9
Contract assets	21	290.1	204.9
Amounts due from joint ventures		0.8	0.9
Research and development expenditure credits		5.4	5.8
Other receivables		14.0	7.6
Prepayments		17.2	15.4
		370.8	286.5

The Company has no trade and other receivables.

Retentions will be collected in the normal operating cycle of the Group and are therefore shown as a current asset. It is expected that £37.5m (2023: £33.2m) will be collected within 12 months from the balance sheet date.

The Group has no significant capitalised contract costs.

The Group announced on 8 June 2023 that it had agreed settlement terms in respect of its long-standing dispute concerning three contracts with entities owned by a major infrastructure fund. The settlement brought to a conclusion a complex and challenging multi-contract dispute. Taking into account the requirements of IFRS 15, the Group had constrained the revenue recognised in prior periods to the extent that it was highly probable not to result in a significant reversal in the future and had also previously assessed any expected credit loss provision in accordance with IFRS 9. As a result of the settlement a further one-off expected credit loss of £2.8m was recognised in the financial year ended 30 June 2023.

There have been no movements in the Group's provision for impairment of trade receivables.

Provisions for impaired receivables have been included in administrative expenses in the income statement. Amounts charged to the impairment provision are generally written off when there is no expectation of recovering additional cash.

The other classes within trade and other receivables do not contain impaired assets.

The maximum exposure to credit risk at the reporting date is the book value of each class of receivable mentioned above, along with the Group's cash and cash equivalents. The Group does not hold any collateral as security.

Management believes that the concentration of credit risk with respect to trade receivables is limited, due to the Group's customer base being large, unrelated and predominantly within the public and regulated sectors.

As of 30 June 2024, trade receivables of £14.5m (2023: £15.8m) were past due but not impaired.

17 Trade and other receivables continued

These relate to a number of independent customers for whom there is no recent history of default and there are no indications that they will not meet their payment obligations in respect of the trade receivables recognised in the balance sheet that are past due and unprovided. The ageing analysis of these trade receivables is as follows:

	2024 £m	2023 £m
Number of days past due date		
Less than 30 days	9.3	5.7
Between 30 and 60 days	0.7	2.3
Between 60 and 90 days	0.1	2.2
Between 90 and 120 days	1.1	0.5
Greater than 120 days	3.3	5.1
	14.5	15.8

As of 30 June 2024, trade receivables were considered for impairment based on management's judgement and review of the trade receivables listings. The amount provided for these balances was £0.4m (2023: £0.1m). The allocation of the provision is as follows:

	2024 £m	2023 £m
Number of days past due date:		
Greater than 120 days	0.4	0.1
	0.4	0.1

18 Cash and cash equivalents

	Group		Company	
	2024 £m	2023 £m	2024 £m	2023 £m
Cash at bank and in hand and per the statement of cash flows	227.0	220.2	110.0	114.2

Cash at bank above includes £21.7m (2023: £11.0m), being the Group's share of cash held by jointly controlled operations. The Group has no bank borrowings or loans.

Net cash excludes IFRS 16 lease liabilities (note 14).

Cash and cash equivalents and bank overdrafts are presented on a net (offset) basis. In 2016, the IFRS Interpretations Committee released an update in respect of IAS 32 'Financial instruments: presentation' specifically in relation to offsetting and cash pooling. This clarified that in order to offset bank account balances, an entity must have both a legally enforceable right and an intention to do so. The Group's bank arrangements and facilities with both HSBC Bank plc and Barclays Bank plc provide the legally enforceable right to offset and the Group demonstrated its intention to offset by formally sweeping the balances within each bank. Consequently, the balances have been offset in the financial statements.

Notes to the financial statements continued

19 Trade and other payables

	Notes	Group	
		2024 £m	2023 £m
Trade payables		107.6	136.6
Contract liabilities	21	121.8	106.6
Other taxation and social security payable		70.4	53.4
Other payables		2.4	1.9
Accruals		307.0	226.6
		609.2	525.1

The Company has no trade and other payables.

All payables are unsecured. Retentions will be paid in the normal operating cycle of the Group and are therefore shown as a current liability.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

20 Provisions for other liabilities and charges

Group	Onerous contracts	Rectification	Total £m
At 30 June 2023	(2.0)	(27.9)	(29.9)
Balance sheet reclassification ¹	(0.5)	(4.5)	(5.0)
Utilised	1.6	3.6	5.2
Released	-	2.3	2.3
Additions	(0.6)	(8.2)	(8.8)
At 30 June 2024	(1.5)	(34.7)	(36.2)

¹ Correction of immaterial balance sheet classifications in the previous year.

Onerous contract provisions are made on loss-making contracts the Group is obliged to complete.

Rectification provisions are made for potential claims and defects for remedial works against work completed by the Group, and include provisions for dilapidations on premises the Group occupies.

As at 30 June 2024 £14.6m of provision related to one contract. Further details are provided in the critical accounting estimates and judgements. The remaining balance of the provision relates to a number of immaterial balances. Due to the level of uncertainty, combination of cost and income variables and timing across the remaining portfolio of contracts, it is impracticable to provide a quantitative analysis of the aggregated judgements that are applied at a portfolio level and therefore management has not given a range of expected outcomes.

Due to the nature of the provisions, the timing of any potential future outflows is uncertain, however they are expected to be utilised within the Group's normal operating cycle, and accordingly are classified as current liabilities. Of the total provisions, £24.6m (2023: £16.4m) is likely to be utilised within 12 months, with the remainder utilised in more than 12 months. The impact of discounting is not material.

The Group regularly engages in contracts with general or defect warranty rectification requirements, typically less than 3 years. Within the pool of open warranty period contracts, the group built, as part of a joint operation with two other partners, a single infrastructure scheme under a contract that included various defect warranty obligations, with the longest obligation lasting up to 12 years.

20 Provisions for other liabilities and charges continued

At 30 June 2024, there remained 7 years of the longest warranty liability period remaining. This is the only contract the group has that has a general defect warranty period of this length. The contractual nature of the defect warranty liability and the completion of the scheme are the obligating events and the group, as part of the joint operation, has remediated items since completion and has other known issues ongoing that will likely result in future cash outflows, though the timing and quantum remain uncertain.

The Group also believes that there will be further unknown but probable cash outflows relating to as yet unknown items as scheduled inspections of various structural elements of the scheme are completed that have a potentially material range of outcomes. The Group has provided £14.6m (2023: £16.9m) against future defect costs and this represents management's best estimate of potential future payments associated with the warranty rectification responsibilities. The provision requires a limited number of significant estimates and assumptions by management, with a significant level of estimation risk as a result arising from the level of defects and associated cost that may arise.

Management estimates the reasonable range of estimates to be between £7.3m and £17.5m at 30 June 2024. During the year £0.1m and £2.3m of the opening provision of £16.9m was utilised and released respectively, with additions of £0.1m made in the year. Management has sought input from external experienced industry figures and industry bodies to support the provision it has made.

The Company does not hold any provisions.

21 Contract balances

Contract assets and liabilities are included within 'trade and other receivables' and 'trade and other payables' respectively on the face of the balance sheet. Where there is a corresponding contract asset and liability in relation to the same contract, the balance shown is the net position. The timing of work performed (and thus revenue recognised), billing profiles and cash collection results in trade receivables (amounts billed to date and unpaid), contract assets (unbilled amounts where revenue has been recognised) and contract liabilities (customer advances and deposits where no corresponding work has yet to be performed), being recognised on the Group's balance sheet.

The reconciliation of the Group opening to closing contract balances is shown below:

	2024		2023	
	Contract asset £m	Contract liability £m	Contract asset £m	Contract liability £m
At 1 July	204.9	(106.6)	173.4	(104.4)
Revenue recognised in the year	1,725.0	47.8	1,334.9	58.8
Net cash received in advance of performance obligations being fully satisfied	-	(63.0)	-	(61.0)
Transfers in the year from contract assets to trade receivables	(1,639.8)	-	(1,303.4)	-
30 June	290.1	(121.8)	204.9	(106.6)

Revenue allocated to performance obligations that are unsatisfied at 30 June, is expected to be recognised as disclosed in note 3.

The Company has no contract balances.

The amount of revenue recognised in the year from performance obligations satisfied in previous periods amounts to £4.7m (2023: £4.8m).

22 Deferred income tax

Deferred income tax is calculated in full on temporary differences under the liability method and is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse.

Notes to the financial statements continued

22 Deferred income tax continued

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities. The net deferred tax position at 30 June was:

	Group	
	2024 £m	2023 £m
Deferred income tax assets	15.6	16.6
Deferred income tax liabilities	(0.6)	(1.1)
Net deferred income tax	15.0	15.5

The movement for the year in the net deferred income tax account is as shown below:

	Group	
	2024 £m	2023 £m
At 1 July	15.5	14.0
Current year's deferred income tax	(5.7)	(0.9)
Adjustment in respect of prior years	4.5	(0.1)
Transfer from current tax assets	0.3	2.5
Acquisition of subsidiaries	(0.2)	-
Disposal of subsidiaries	0.6	-
At 30 June	15.0	15.5

All remaining unutilised tax losses have now been recognised. The Group previously disclosed that it had not recognised £53.0m of trading losses due to them being subject to agreement with HMRC. During the year to 30 June 2024 HMRC confirmed the quantum of the trading losses available and that they could be utilised against historical trading profits, resulting in a cash refund of £9.6m and associated interest of £0.8m. This is recorded as an income tax receivable at 30 June 2024. This has been disclosed as exceptional as explained in note 4.

Movements in deferred income tax assets and liabilities during the year are shown below:

The Company has a deferred tax asset of £0.4m relating to timing differences on share-based payments (2023: £nil).

Deferred income tax assets

Group	Share-based payments £m	Tax losses £m	Other ¹ £m	Total £m
At 30 June 2022	0.2	12.0	3.4	15.6
Credit/(expense) taken to income statement	0.1	(1.1)	(0.3)	(1.3)
Adjustment in respect of prior years	-	(0.2)	-	(0.2)
Transfer to deferred income tax	-	2.5	-	2.5
At 30 June 2023	0.3	13.2	3.1	16.6
Expense taken to income statement	(0.3)	(4.3)	(0.5)	(5.1)
Credit in respect of prior years taken to income statement	0.8	2.7	-	3.5
Expense taken to equity	(0.7)	-	-	(0.7)
Transfer from current tax income tax	-	0.3	-	0.3
Credit in respect of prior years taken to equity	1.0	-	-	1.0
At 30 June 2024	1.1	11.9	2.6	15.6

1 Deferred tax assets included in the 'Other' category relate predominantly to future income tax deductions available from IFRS transitions adjustments in respect of IFRS 15 and IFRS 9 which will be utilised over the next 4 years in line with the requirements of tax legislation.

The Company has a deferred tax balance of £0.4m (2023: nil) relating to share based payments.

22 Deferred income tax continued

Deferred income tax liabilities

Group	Accelerated tax depreciation £m	Intangible assets acquired £m	Total £m
At 30 June 2022	(0.6)	(1.0)	(1.6)
Credit taken to income statement	0.2	0.2	0.4
Adjustment in respect of prior years	-	0.1	0.1
At 30 June 2023	(0.4)	(0.7)	(1.1)
Expense/(credit) taken to income statement	(0.1)	0.2	0.1
Expense/(credit) in respect of prior years	(0.1)	0.1	-
Acquisition of subsidiary	-	(0.2)	(0.2)
Disposal of subsidiary	0.6	-	0.6
At 30 June 2024	-	(0.6)	(0.6)

23 Financial instruments

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. Financial assets and liabilities are offset and the net amount reported when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

The Group and Company operate within financial risk policies and procedures approved by the Board. It is, and has been throughout the year, the Group's policy that no trading in financial instruments shall be undertaken. The Board provides written principles for overall risk management, as well as written policies covering specific areas such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity. The Group's financial instruments principally comprise cash and cash equivalents, receivables, payables and PPP and other investments that arise directly from its operations and its acquisitions. The Company's financial instruments are comprised of cash and cash equivalents.

Capital risk management

The Group is funded by ordinary shares, retained profits and its strong net cash position (refer to notes 18, 24 and 26). The Group's and Company's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, in order to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital. The Group has no borrowing or debt facilities and hence no gearing targets.

Financial risk factors

(a) Market risk

(i) Foreign exchange risk

All material activities of the Group take place within the UK and consequently there is little direct exchange risk, other than payments to overseas suppliers who require settlement in their currency. If there is any material foreign exchange exposure, the Group's policy is to enter into forward foreign currency contracts. The Group and Company have no material currency exposure at 30 June 2024 (2023: nil).

(ii) Price risk

Other than a residual interest in equity securities, the Group and Company are not exposed to equity or commodity price risk.

(iii) Interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates.

The Group's interest rate risk arises from movement in cash and cash equivalents given that it is well capitalised with no loan payable or net overdraft facilities.

Notes to the financial statements continued

23 Financial instruments continued

(b) Credit risk

Credit risk is managed on a Group basis. Credit risk arises from cash and cash equivalents, deposits and borrowings with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions. The Group does not hold any debt facilities. Further details of credit risk relating to trade and other receivables are disclosed in note 17. No credit limits were exceeded during the reporting period, and management does not expect any material losses from non-performance of any counterparties, including in respect of receivables not yet due. The Group's maximum exposure to credit risk at the end of the reporting period is the carrying amount (book value) of each class of financial asset is set out below.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities. The Group finances its operations through its cash reserves and ongoing retained profits. Management monitors rolling forecasts of the Group's liquidity reserve on the basis of expected cash flow. This is generally carried out at local level in the operating companies of the Group, in accordance with practices and limits set by the Group. These limits vary by location to take into account the liquidity of the market in which the entity operates. On a daily basis throughout the year, the bank balances or gross overdrafts in all the Group's operating companies are aggregated into a total cash figure, in order that the Group can obtain the most advantageous interest rate.

In accordance with IFRS 9 Financial Instruments, the Group has reviewed all contracts for embedded derivatives that are required to be separately accounted for if they do not meet certain requirements set out in the standard. No such embedded derivatives have been identified.

Fair value of other financial assets and financial liabilities

Where market values are not available, fair values of financial assets and financial liabilities have been calculated by discounting expected future cash flows at the prevailing interest rate.

Primary financial instruments held or issued to finance the Group's operations:

	Notes	2024		2023	
		Book value £m	Fair value £m	Book value £m	Fair value £m
Financial liabilities:					
Current financial liabilities measured at amortised cost	19	417.0	417.0	365.1	365.1
Financial assets:					
PPP and other investments	16	41.8	41.8	44.6	44.6
Current assets measured at amortised cost	17	353.6	353.6	271.1	271.1
Cash and cash equivalents	18	227.0	227.0	220.2	220.2

Prepayments are excluded from the financial assets measured at amortised cost; and statutory liabilities and contract liabilities and provisions are excluded from financial liabilities measured at amortised cost. A maturity analysis of the Group's non-derivative financial liabilities is given in note 19.

Borrowing facilities

The Group had no committed borrowing facilities available at 30 June 2024 or 2023.

Fair value estimation

Specific valuation techniques used to value financial instruments are defined as:

- Level 1 – Quoted market prices or dealer quotes in active markets for similar instruments.
- Level 2 – The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows, based on observable yield curves.
- Level 3 – Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments. The fair value of other investments is set out in note 16.

23 Financial instruments continued

The following table presents the Group's assets and liabilities that are measured at fair value at 30 June:

	2024		2023	
	Level 3 £m	Total £m	Level 3 £m	Total £m
Assets				
Fair value through other comprehensive income				
– PPP and other investments	41.8	41.8	44.6	44.6
Total	41.8	41.8	44.6	44.6

There were no transfers between levels during the year.

Valuation processes

A review of the long term UK gilt rates, Bank of England base rates, UK inflation and other external market data (including the secondary market) for disposals is considered as part of the valuation process, which is ultimately agreed at the Executive Board, plc Board and Audit Committee.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2. If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

Fair value measurements using significant unobservable inputs (Level 3)

	2024 £m	2023 £m
At 1 July	44.6	47.5
Movement in fair value	(1.5)	(2.4)
Disposals and subordinated loan repayments	(1.3)	(0.5)
Closing balance	41.8	44.6

The fair value is derived via a discounted cash flow. The key assumptions used in Level 3 valuations include the expected timing of receipts, credit risk and discount rates. The typical repayment period is 10–15 years and the timing of receipts is based on historical data. The fair value of the portfolio reflects a blended discount rate of 7.6% (2023: 7.3%) and is based on current market conditions. The sensitivity to discount rates is set out in note 16. If receipts were to occur earlier than expected, the fair value would increase.

24 Ordinary shares and share premium

Group	Number of shares	Ordinary shares £m	Share premium £m	Total £m
At 30 June 2022	111,054,228	55.5	–	55.5
Allotted under share option schemes	2,114	–	–	–
Cancellation of shares	(6,187,148)	(3.1)	–	(3.1)
At 30 June 2023	104,869,194	52.4	–	52.4
Allotted under share option schemes	1,323,592	0.7	0.8	1.5
Cancellation of shares	(2,217,000)	(1.1)	–	(1.1)
At 30 June 2024	103,975,786	52.0	0.8	52.8

Notes to the financial statements continued

24 Ordinary shares and share premium continued

Company	Number of shares	Ordinary shares £m	Share premium £m	Total £m
At 30 June 2022	111,054,228	55.5	–	55.5
Allotted under share option schemes	2,114	–	–	–
Cancellation of shares	(6,187,148)	(3.1)	–	(3.1)
At 30 June 2023	104,869,194	52.4	–	52.4
Allotted under share option schemes	1,323,592	0.7	0.8	1.5
Cancellation of shares	(2,217,000)	(1.1)	–	(1.1)
At 30 June 2024	103,975,786	52.0	0.8	52.8

The Company does not have a limit on the authorised capital and does not hold any shares in treasury.

Number of shares refers to 50p ordinary shares, which are authorised, issued and fully paid. There are no shares authorised and issued but not fully paid.

In September 2022, having reviewed the Group's strong cash performance and ongoing capital requirements the Group launched a share buyback programme of up to a maximum of £15.0m. On 17 November 2023 we announced the completion of the share buyback programme with a total of 8,404,148 shares repurchased and subsequently cancelled, representing approximately 7.5% of issued share capital.

At 30 June 2024, the total number of shares outstanding under the share incentive plans was 7,195,332 (2023: 10,867,237) as detailed in note 25.

25 Share-based payments

The Group operates performance-related share incentive plans for Executives, details of which are set out in the Directors' Remuneration report. The Group also operates sharesave schemes. The total charge for the year before tax relating to employee share-based payment plans was £1.8m (2023: £3.4m), all of which related to equity-settled share-based payment transactions.

Savings-related share options

The Company operates an HMRC-approved sharesave scheme, under which employees are granted an option to purchase ordinary shares in the Company at up to 20% less than the market price at grant, in three years' time, dependent on their entering into a contract to make monthly contributions into a savings account over the relevant period. These funds are used to fund the option exercise. This scheme is open to all employees meeting the minimum employment period. No performance criteria are applied to the exercise of sharesave options.

The options were valued using the binomial option-pricing model. The fair value per option granted and the assumptions used in the calculation are as follows:

Grant date	Shares under option	Share price at grant date	Exercise price	Contract date	Expected volatility	Option life (years)	Risk free rate	Dividend yield	Employee turnover before vesting	Fair value per option
07.04.21	221,765	130p	112p	01.06.21	60%	3	0.2%	3.1%	10%	50p
13.04.22	806,868	174p	143p	01.06.22	58%	3	1.5%	3.3%	10%	70p
14.04.23	850,680	174p	137p	01.06.23	54%	3	3.6%	4.5%	10%	67p
12.04.24	927,329	244p	201p	01.06.24	30%	3	4.2%	4.5%	10%	61p

The expected volatility is based on historical volatility in the movement in the share price over the past three years up to the date of grant (or since incorporation of the Company in January 2020). The expected life is the average expected period to exercise. The risk-free rate is the yield on zero-coupon UK Government bonds of a term consistent with the assumed option life. A reconciliation of savings-related share awards over the year to 30 June 2024 is shown below:

25 Share-based payments continued

	2024		2023	
	Number	Weighted average exercise price	Number	Weighted average exercise price
Outstanding at 1 July	3,481,546	127p	2,776,374	123p
Awards	936,197	201p	947,033	137p
Forfeited	(148,347)	129p	(109,335)	124p
Cancelled	(128,780)	135p	(127,458)	124p
Expired	(10,382)	115p	(2,954)	119p
Exercised	(1,323,592)	112p	(2,114)	112p
Outstanding at 30 June	2,806,642	158p	3,481,546	127p
Exercisable at 30 June	221,765	112p	-	-

The weighted average fair value of awards granted during the year was 61p (2023: 67p). There were 1,323,592 share options exercised during the year ended 30 June 2024 (2023: 2,114) and the weighted average exercise price at the date of exercise was 112p (2023: 112p). The weighted average remaining contractual life is 1 years and 10 months (2023: 1 years and 9 months).

Performance-related long-term incentive plans

The Group operates performance-related share incentive plans for Executives, details of which are set out in the Directors' Remuneration report. The awards that vest are satisfied by the transfer of shares for no consideration. The outstanding options were valued using a Black-Scholes model. The fair value per option granted and the assumptions used in the calculation are as follows:

Grant date	Shares under option	Share price at grant date	Vesting period/option life (months)	Risk-free rate	Dividend yield	Fair value per option
23.09.21	1,176,591	177p	36	0.4%	2.5%	164p
23.09.22	1,369,284	161p	36	4.0%	5.0%	139p
23.09.23	987,710	225p	36	4.3%	4.7%	195p

The expected volatility is based on historical volatility in the movement in the share price of the Company and its comparator group and the correlations between them over the past three years. The expected life is the average expected period to exercise. The risk-free rate is the yield on zero-coupon UK Government bonds of a term consistent with the assumed option life. A reconciliation of performance-related share awards over the year to 30 June is shown below:

	2024 Number	2023 Number
Outstanding at 1 July	6,466,295	6,986,213
Granted	1,244,171	1,728,911
Exercised	(3,156,934)	(2,248,829)
Forfeited	(1,019,947)	-
Outstanding at 30 June	3,533,585	6,466,295
Exercisable at 30 June	-	-

The weighted average fair value of awards granted during the year was 195p (2023: 139p). There were 3,156,934 options exercised during the year ended 30 June 2024 (2023: 2,248,829). The weighted average remaining contractual life is one year and two months (2023: one year and nil months).

Notes to the financial statements continued

25 Share-based payments continued

Annual bonus plan – deferred shares

Executive directors are eligible to participate in the Company's annual bonus scheme. The scheme rules dictate that two thirds of any bonus earned in excess of 50% of the base annual salary is deferred into restricted shares for three years. Participants must remain in employment to receive the restricted shares, but there are no other associated performance conditions.

A reconciliation of performance-related share awards over the year to 30 June is shown below:

	2024 Number	2023 Number
Outstanding at 1 July	821,646	413,502
Granted	126,350	408,144
Exercised	(52,969)	-
Forfeited	(169,058)	-
Outstanding at 30 June	725,969	821,646
Exercisable at 30 June	-	-

The weighted average remaining contractual life is one year and nil months (2023: one years and eight months). The fair value of the awards is the closing share price on the date of grant.

Long term bonus plan – deferred shares

Certain members of the Group are eligible to participate in the Company's long term bonus plan. The scheme rules dictate that up to half of the bonus earned is awarded in restricted shares. The shares are restricted for a period of twelve months. Participants must remain in employment to receive the restricted shares, but there are no other associated performance conditions.

A reconciliation of performance-related share awards over the year to 30 June is shown below:

	2024 Number	2023 Number
Outstanding at 1 July	-	-
Granted	129,136	-
Exercised	-	-
Outstanding at 30 June	129,136	-
Exercisable at 30 June	-	-

The weighted average remaining contractual life is three months (2023: nil months). The fair value of the awards is the closing share price on the date of grant.

26 Other reserves and retained earnings

Group	Notes	Other reserves £m	Retained earnings £m
At 30 June 2022		132.2	(55.6)
Profit for the year		-	9.1
Dividends paid	9	-	(9.6)
Share-based payments	25	-	3.4
Movement in fair value of PPP and other investments	16	-	(2.4)
Purchase of own shares		-	(14.0)
Cancellation of shares		3.1	-
At 30 June 2023		135.3	(69.1)
Profit for the year		-	36.2
Dividends paid	9	-	(24.2)
Share-based payments	25	-	1.8
Tax relating to share-based payments		-	2.0
Movement in fair value of PPP and other investments	16	-	(1.5)
Purchase of own shares		-	(12.0)
Cancellation of shares		1.1	-
At 30 June 2024		136.4	(66.8)

The Company and Group's other reserves relate to a merger reserve amounting to £132.2m (2023: £132.2m) and a capital redemption reserve of £4.2m (2023: £3.1m).

Notes to the financial statements continued

26 Other reserves and retained earnings continued

The purchase of own shares represents shares purchased by the Galliford Try Employee Share Trust of £4.3m (2023: £1.9m) and other share related transactions of £3.3m (2023: £1.5m), in addition to £4.4m (2023: £10.6m) purchased by the Company as part of the share buyback announced in September 2022. The buyback programme has now completed as announced on 17 November 2023.

Company	Notes	Other reserves £m	Retained earnings £m
At 30 June 2022		132.2	109.7
Profit for the year		-	25.0
Dividends paid	9	-	(9.6)
Share-based payments		-	0.5
Purchase of shares	15	-	(10.6)
Cancellation of shares		3.1	-
At 30 June 2023		135.3	115.0
Profit for the year		-	23.3
Dividends paid	9	-	(24.2)
Share-based payments		-	0.7
Purchase of shares	15	-	(4.4)
Cancellation of shares		1.1	-
At 30 June 2024		136.4	110.4

The cumulative amount of goodwill arising on acquisition and written off directly against reserves is £9.5m (2023: £9.5m).

At 30 June 2024, the Galliford Try Employee Share Trust (the Trust) held 3,824,949 (2023: 3,705,343) Galliford Try Holdings plc shares. The nominal value of the shares held is £1.9m (2023: £1.9m). 1,807,000 shares were acquired during the year (2023: 1,200,000) at a net cost of £4.3m (2023: £1.9m) and a further £3.3m (2023: £1.5m) was paid in relation to other share related transactions with 1,497,612 (2023: 965,194) shares being transferred during the year. The cost of funding and administering the Trust is charged to the income statement in the period to which it relates. The market value of the shares at 30 June 2024 was £9.1m (2023: £7.2m). No shareholders (2023: none) have waived their rights to dividends.

As part of and as a result of the disposal of the housebuilding operations to Vistry Group plc on 3 January 2020 and the associated scheme of arrangement completed under Part 26 of the Companies Act 2006, shares held in Galliford Try Limited (formerly Galliford Try plc) as at 3 January 2020 (221,603) were exchanged for an equivalent number of shares in Galliford Try Holdings plc and 127,189 shares in Vistry Group plc (at a rate of 0.57406 Vistry Group plc shares for each Galliford Try Limited share). The Group has now disposed of all of the shares in Vistry Group plc, with the final 14,132 shares disposed during the year (2023: 14,132 held). These shares were recorded at fair value with the movement being reflected in profit or loss.

27 Financial and capital commitments

The Group had no commitments for subordinated debt to joint ventures or other investments at 30 June 2024 (2023: £nil), nor any commitment for other capital expenditure.

28 Guarantees and contingent liabilities

The Group has surety bonding facilities and bank guarantees. These are supported by counter indemnities given by the Company and certain subsidiaries in the Group in the normal course of business. Utilisation of the bonding and guarantee facilities total £182.1m at 30 June 2024 (2023: £165.5m). It is not expected that any material liabilities will arise.

Disputes arise in the normal course of business, some of which lead to litigation or arbitration procedures. While the outcome of disputes and arbitration is never certain, the directors believe that the resolution of all existing actions will not have a material adverse effect on the Group's financial position.

Where the Group has received such claims, the directors have made provision in the financial statements when they believe it is probable a liability exists and it can be reliably estimated, but no provision has been made where the Group's liability is considered only possible or remote. This is based on the best estimates of future costs to be incurred after assessing all relevant information and taking legal advice where appropriate. The Group has currently assessed a pool of non-fire safety related claims that meet the contingent liability threshold for disclosure. These claims are of a similar nature with a collective range of between £nil and £8.6m. The Group's assessment of liability and estimates of future costs could change in the future. Although the Group has appropriate insurance arrangements in place that should mitigate any significant exposure, the recognition thresholds under IAS 37 would mean a liability could be recognised before a corresponding asset.

The continuing evolution of Government legislation and guidance, such as the Building Safety Act and its implications for cladding solutions used on historical contracts, also creates ongoing uncertainty that the Group manages.

The Group is tracking a pool of three fire safety claims which meet the definition of contingent liabilities under IAS37. Management do not think consider it is practicable to value the pool because of the lack of supporting evidence from the claimants and the length of time it takes for these cases to evolve and for any reliable quantum, if any, to be established. Factors include the complexity of the building projects in question, the many suppliers involved in the supply chain and the potential for reimbursement from subcontractors. The Group believes it has strong legal positions with contractual support on all the cases, however, at this time, it cannot fully rule out that material settlements may result, should this be the case, management expects there will be recovery from the supply chain, designers or insurers that can be full or partial.

As Government legislation and guidance changes in the future, the Group will reassess the estimates made accordingly.

29 Related party transactions

Transactions between the Group and its related parties are disclosed as follows:

Group

	Sales to related parties		Amounts owed by related parties	
	2024 £m	2023 £m	2024 £m	2023 £m
Trading transactions				
Related parties	79.3	71.2	35.1	36.8
			Interest and dividend income from related parties	
			2024 £m	2023 £m
Non-trading transactions				
Related parties			3.8	4.1

Sales to related parties (all of which are to joint ventures and associates) are based on terms that would be available to unrelated third parties. Amounts owed by related parties consist predominantly of subordinated debt within the PPP and Other Investments portfolio, that if held to maturity would be due over the next 24 years (2023: 25 years). These receivables are unsecured, with interest rates varying between a range of 9% and 12%. Payables are due within one year (2023: one year) and are interest free.

Notes to the financial statements continued

29 Related party transactions continued

Company

Transactions between the Company and its subsidiaries which are related parties, which are eliminated on consolidation, are disclosed as follows:

	Interest and dividend income from related parties	
	2024 £m	2023 £m
Non-trading transactions		
Subsidiary undertakings	22.9	25.0

The Company has provided performance guarantees in respect of certain operational contracts entered into between joint ventures and a Group undertaking.

30 Business combinations

During the year, the Group acquired (i) 100% of the share capital AVRS Systems Limited. The Group has also finalised the acquisition accounting of MCS Control Systems Limited and certain contracts and assets of Ham Baker Limited (in administration) having previously reported the balances as provisional in accordance with IFRS 3. In the prior year, the acquisition accounting for nmcn was also finalised.

(i) AVRS Systems Limited

On 8 November 2023, the Group acquired 100% of the share capital of AVRS Systems Limited ("AVRS"), a leading mechanical and electrical engineering specialist for £4.5m settled in cash. The addition of AVRS's capabilities is complementary to the operations of Galliford Try's expanding Environment asset optimisation and capital maintenance business in line with the Group's strategy. In particular, AVRS provides additional competencies that complement those acquired over the past two years with nmcn's Water business, Lintott Control Systems Limited, MCS Control Systems Limited and the capital maintenance business of Ham Baker.

The goodwill of £0.9m arising from the acquisition is significantly attributable to the acquired workforce and their technical expertise and the opportunity to leverage this expertise across the Group to enhance the asset optimisation and capital maintenance strategy.

The following table summarises the consideration paid and the provisional fair value of the assets acquired and liabilities assumed.

	£m
Recognised amounts of identifiable assets acquired and liabilities assumed	
Property plant and equipment (including right-of-use assets)	1.0
Intangible assets	1.0
Trade and other receivables	2.5
Cash and cash equivalents	1.0
Trade and other payables	(0.9)
Corporation tax liability	(0.3)
Lease liabilities	(0.5)
Deferred tax liability	(0.2)
Total identifiable net liabilities	3.6
Goodwill	0.9
Total	4.5
Consideration	
Cash	4.5
Total	4.5

30 Business combinations continued

As part of the conditions of the sale and in addition to the initial consideration of £4.5m, an earn out arrangement is in place, whereby the sellers are entitled up to additional £2.5m. Due to the nature of the earn out, this will be treated as remuneration as it requires the sellers to remain in employment during the earn out period of two years. The earn out accrued during the year is £0.6m.

The acquisition contributed £9.5m of revenue and a profit before tax of £0.4m in the period to 30 June 2024. If the acquisition had taken place at 1 July 2023, it would have contributed £13.2m of revenue and a profit before tax of £1.1m.

(ii) MCS Control Systems Limited

On 8 July 2022, the Group acquired 100% of the share capital of MCS Control Systems Limited (MCS), a leading systems integrator to the industrial and utilities sectors for consideration of £1 settled in cash. The addition of MCS's capabilities is complementary to the operations of Galliford Try's expanding Environment business. In particular, MCS provides additional competencies that complement those acquired in October 2021 with nmcn's Water business and Lintott Control Systems Limited and will accelerate the growth of Galliford Try Environment's asset optimisation and capital maintenance strategy.

The goodwill of £3.2m arising from the acquisition is significantly attributable to the acquired workforce and their technical expertise and the opportunity to leverage this expertise across the Group to enhance the asset optimisation and capital maintenance strategy.

The following table summarises the consideration paid and fair value of the assets acquired and liabilities assumed.

	£m
Recognised amounts of identifiable assets acquired and liabilities assumed	
Property plant and equipment	0.1
Intangible assets	0.2
Right-of-use assets	0.6
Trade and other receivables	3.2
Trade and other payables	(5.9)
Bank and other borrowings	(0.8)
Lease liabilities	(0.6)
Total identifiable net liabilities	(3.2)
Goodwill	3.2
Total	-
Consideration	
Cash	-
Total	-

The acquisition contributed £5.7m of revenue and a £0.7m loss before tax and amortisation in the year to 30 June 2023, which is similar to the contribution it would have made if acquired at the start of the financial year.

(iii) Ham Baker

On 18 November 2022, the Group acquired certain contracts and assets from Ham Baker Limited (in administration) for £225,000 settled in cash. The Group has acquired the asset inspection, maintenance and screens and distributor operations. The acquired business produces a variety of engineered products for the water industry, which the Group will use as a basis to develop a low carbon engineering offering, enabling products and raw materials to be reused if possible, and reducing waste. The acquisition brings complementary capabilities to the Group's growing Environment business and will give it a further advantage in preparing for the water industry's AMP8 cycle, in particular addressing storm overflow challenges. It also plays into Galliford Try's role in decarbonising the industry for a greener, more sustainable future.

Similar to the MCS Control Systems Limited acquisition, the goodwill of £0.5m arising from the acquisition is significantly attributable to the acquired workforce and their technical expertise and the opportunity to leverage this expertise across the Group to enhance the asset optimisation and capital maintenance strategy.

Notes to the financial statements continued

30 Business combinations continued

The following table summarises the consideration paid and fair value of the assets acquired and liabilities assumed.

	£m
Recognised amounts of identifiable assets acquired and liabilities assumed	
Intangible assets	0.1
Trade and other payables	(0.4)
Total identifiable net liabilities	(0.3)
Goodwill	0.5
Total	0.2
Consideration	
Cash	0.2
Total	0.2

The acquisition contributed £1.5m of revenue and a £1.6m loss before tax and amortisation in the year to 30 June 2023.

The performance of the business preceding the acquisition was impacted by Ham Baker Limited entering administration, and accordingly it is impracticable to assess the contribution it would have made to the Group if acquired at the start of the reporting period.

31 Events after the reporting date

On 3 October 2024, the Group announced a further share buyback programme of up to a maximum of £10m, details can be found in the announcement on the Group's investor website.

There were no other material post balance sheet events arising after the reporting date.

32 Alternative performance measures

Throughout the Annual Report and Accounts, the Group has presented financial performance measures which are used to manage the Group's performance. These financial performance measures are chosen to provide a balanced view of the Group's operations and are considered useful to investors as they provide relevant information on the Group's performance. They are also aligned to measures used internally to assess business performance in the Group's budgeting process and when determining compensation. An explanation of the Group's financial performance measures and appropriate reconciliations to its statutory measures are provided below.

Providing clarity on the Group's alternative performance measures

The Group has included this note and the enclosed explanations and reconciliations with the aim of providing transparency and clarity on the measures adopted internally to assess performance. The APMs adopted by the Group are also commonly used in the sectors it operates in. This additional information is not defined under international accounting standards and may therefore not be comparable with similarly titled profit measures reported by other companies. It is not intended to be a substitute for, or superior to, international accounting standards measures of profit.

The Board believes that disclosing these performance measures enhances investors' ability to evaluate and assess the underlying financial performance of the Group's operations and the related key business drivers.

Measuring the Group's performance

The following measures are referred to in this report:

Statutory measures

Statutory measures are derived from the Group's reported financial statements, which are prepared in accordance with UK adopted International Accounting Standards and in line with the Group's accounting policies, that can be found in note 1.

The Group's statutory measures take into account all of the factors, including exceptional items which do not reflect the ongoing underlying performance of the Group.

Alternative performance measures

In assessing its performance, the Group has adopted certain non-statutory measures that reflect the underlying performance of the Group. These typically cannot be directly extracted from its financial statements but are reconciled to statutory measures below:

a) Pre-exceptional performance

The Group adjusts for certain significant irregular (exceptional) items which the Board believes assist in understanding the performance achieved by the Group as this reflects the underlying and ongoing performance of the business. A reconciliation of the statutory measure to the pre-exceptional measure is provided in the following tables. In the financial year ended 30 June 2023, the Group also presented pre-exceptional performance excluding the impairment of financial assets as a result of a one off contract settlement as announced on 8 June 2023 (disclosed in the consolidated income statement as an impairment of financial assets of £2.8m).

b) Operating profit before amortisation

The Group adjusts operating profit to exclude the amortisation of intangible assets as this reflects the ongoing performance of the business. Operating margin reflects the ratio of pre-exceptional operating profit before amortisation of intangible assets and revenue. In the financial year to 30 June 2023, operating margin also excludes the impairment of financial assets as a result of the one off contract settlement as announced on 8 June 2023. This differs from the statutory measure of operating profit which includes the amortisation of intangible assets. Divisional operating margin is the combined operating margin of Building and Infrastructure.

Notes to the financial statements continued

32 Alternative performance measures continued

A reconciliation of the statutory measure to the Group's performance measure is shown below, based on continuing operations:

	Building £m	Infrastructure £m	PPP Investments £m	Central £m	Total £m
Year ended 30 June 2024					
Statutory operating profit/(loss)	23.0	19.0	(1.0)	(16.3)	24.7
exclude: amortisation of intangible assets (note 11)	1.0	1.1	-	0.2	2.3
exclude: exceptional items (note 4)	-	-	-	2.6	2.6
Pre-exceptional operating profit before amortisation	24.0	20.1	(1.0)	(13.5)	29.6
Revenue	938.3	819.8	14.7	-	1,772.8
Operating margin	2.6%	2.5%	n/a	n/a	1.7%
Year ended 30 June 2023					
Statutory operating profit/(loss)	17.5	10.8	1.4	(24.1)	5.6
exclude: amortisation of intangible assets (note 11)	1.0	0.9	-	1.1	3.0
exclude: exceptional items (note 4)	-	-	-	10.5	10.5
Pre-exceptional operating profit before amortisation	18.5	11.7	1.4	(12.5)	19.1
exclude: impairment of financial assets (note 17)	-	2.8	-	-	2.8
Pre-exceptional operating profit before amortisation excluding the impairment of financial assets	18.5	14.5	1.4	(12.5)	21.9
Revenue	797.1	590.8	5.8	-	1,393.7
Operating margin excluding the impairment of financial assets	2.3%	2.5%	n/a	n/a	1.6%

c) Pre-exceptional profit before tax

The Group uses a profit before tax measure which excludes exceptional items and other items as noted above. This differs from the statutory measure of profit before income tax, which includes these items.

A reconciliation of the statutory measure to the Group's performance measure is shown below, based on continuing operations:

	2024 £m	2023 £m
Statutory profit before tax	30.9	10.1
exclude: exceptional items (note 4)	1.8	10.5
Pre-exceptional profit before tax	32.7	20.6

Pre-exceptional profit before tax excluding the impairment of financial assets in 2023 was £23.4m.

32 Alternative performance measures continued

d) Pre-exceptional earnings per share

In line with the Group's measurement of adjusted performance, the Group also presents its earnings per share on an adjusted basis. This differs from the statutory measure of earnings per share, which includes these items. A reconciliation of the statutory measure to the Group's performance measure (post-tax) is shown below, based on continuing operations:

	2024			2023		
	Earnings £m	Weighted average number of shares	EPS pence	Earnings £m	Weighted average number of shares	EPS pence
Statutory results	36.2	100,051,095	36.2	9.1	105,180,316	8.7
exclude: exceptional items (note 4)	(8.3)	n/a	n/a	8.4	n/a	n/a
Pre-exceptional earnings per share	27.9	100,051,095	27.9	17.5	105,180,316	16.6

Pre-exceptional earnings per share excluding the impairment of financial assets in 2023 was 18.9p based on post-tax profit of £19.9m.

33 Group undertakings

In accordance with section 409 of the Companies Act, the following is a list of all of the Group's undertakings as at 30 June 2024. Galliford Try Limited is the only subsidiary undertaking held directly by the Company.

(i) Subsidiary undertakings

Entity name	Registered office or principal place of business	Shareholding (direct or indirect)
Charles Grip Surfacing Limited	Miller House, Pontefract Road, Normanton, WF6 1RN	100%
Construction Holdco 1 Limited	3 Frayswater Place, Uxbridge, UB8 2AD	100%
Galliford Brick Factors Limited	3 Frayswater Place, Uxbridge, UB8 2AD	100%
Galliford Try Asset Intelligence Limited	3 Frayswater Place, Uxbridge, UB8 2AD	100%
Galliford Try Building 2014 Limited	PO Box 17452, 2 Lochside View, Edinburgh, EH12 1LB	100%
Galliford Try Construction Limited	3 Frayswater Place, Uxbridge, UB8 2AD	100%
Galliford Try Construction & Investments Holdings Limited	3 Frayswater Place, Uxbridge, UB8 2AD	100%
Galliford Try Corporate Holdings Limited	PO Box 17452, 2 Lochside View, Edinburgh, EH12 1LB	100%
Galliford Try Employment Limited	3 Frayswater Place, Uxbridge, UB8 2AD	100%
Galliford Try Estates Limited	3 Frayswater Place, Uxbridge, UB8 2AD	100%
Galliford Try Facilities Management Limited	3 Frayswater Place, Uxbridge, UB8 2AD	100%
Galliford Try HPS Limited	3 Frayswater Place, Uxbridge, UB8 2AD	100%
Galliford Try Infrastructure Limited	PO Box 17452, 2 Lochside View, Edinburgh, EH12 1LB	100%
Galliford Try Investments Consultancy Services Limited	3 Frayswater Place, Uxbridge, UB8 2AD	100%
Galliford Try Investments Limited	3 Frayswater Place, Uxbridge, UB8 2AD	100%
Galliford Try Investments NEPS Limited	3 Frayswater Place, Uxbridge, UB8 2AD	100%
Galliford Try Plant Limited	3 Frayswater Place, Uxbridge, UB8 2AD	100%
Galliford Try Limited	3 Frayswater Place, Uxbridge, UB8 2AD	100%
Galliford Try Properties Limited	3 Frayswater Place, Uxbridge, UB8 2AD	100%
Galliford Construction Limited	3 Frayswater Place, Uxbridge, UB8 2AD	100%
Galliford Try Secretariat Services Limited	3 Frayswater Place, Uxbridge, UB8 2AD	100%

Notes to the financial statements continued

33 Group undertakings continued

Entity name	Registered office or principal place of business	Shareholding (direct or indirect)
Galliford Try Services Limited	3 Frayswater Place, Uxbridge, UB8 2AD	100%
Galliford Try Telecommunications Limited	3 Frayswater Place, Uxbridge, UB8 2AD	100%
Galliford Try (Water) Limited	3 Frayswater Place, Uxbridge, UB8 2AD	100%
GT (Leeds) Lift Limited	3 Frayswater Place, Uxbridge, UB8 2AD	100%
GT (Leicester) Limited	3 Frayswater Place, Uxbridge, UB8 2AD	100%
GT (North Hub) Investments Limited	PO Box 17452, 2 Lochside View, Edinburgh, EH12 1LB	100%
GT (North Tyneside) Limited	3 Frayswater Place, Uxbridge, UB8 2AD	100%
GT Camberwell (Holdings) Limited	3 Frayswater Place, Uxbridge, UB8 2AD	100%
GT Camberwell Limited	3 Frayswater Place, Uxbridge, UB8 2AD	100%
GT Car Parks Leicester (Holdings) Limited	3 Frayswater Place, Uxbridge, UB8 2AD	100%
GT Car Parks Leicester Limited	3 Frayswater Place, Uxbridge, UB8 2AD	100%
GT Guildford Crescent Limited	3 Frayswater Place, Uxbridge, UB8 2AD	100%
GT Inverness Investments Limited	PO Box 17452, 2 Lochside View, Edinburgh, EH12 1LB	100%
GT Telford (Holdings) Limited	PO Box 17452, 2 Lochside View, Edinburgh, EH12 1LB	100%
GT TMGL Limited	PO Box 17452, 2 Lochside View, Edinburgh, EH12 1LB	100%
GTFM (Cavalry) Limited	3 Frayswater Place, Uxbridge, UB8 2AD	100%
Ham Baker Engineering Limited	3 Frayswater Place, Uxbridge, UB8 2AD	100%
Kingseat Development 1 Limited	Morrison House, Kingseat Business Park, Kingseat, Newmachar, Aberdeenshire, AB21 0AZ	100%
Leicester GT Education Company Limited	3 Frayswater Place, Uxbridge, UB8 2AD	100%
Lintott Control Systems Limited	3 Frayswater Place, Uxbridge, UB8 2AD	100%
Lintott Environmental Technologies Limited	3 Frayswater Place, Uxbridge, UB8 2AD	100%
MCS Control Systems Limited	3 Frayswater Place, Uxbridge, UB8 2AD	100%
AVRS Systems Limited	Avrs Systems Ltd Lonning End, Ponsonby, Seascale, Cumbria, England, CA20 1BU	100%
Morrison Construction Limited	PO Box 17452, 2 Lochside View, Edinburgh, EH12 1LB	100%
Morrison Highway Maintenance Limited	3 Frayswater Place, Uxbridge, UB8 2AD	100%
Oak Specialist Services Limited	3 Frayswater Place, Uxbridge, UB8 2AD	100%
Regeneco (Services) Limited	3 Frayswater Place, Uxbridge, UB8 2AD	100%
Regeneco Limited	3 Frayswater Place, Uxbridge, UB8 2AD	100%
Try Construction Limited	3 Frayswater Place, Uxbridge, UB8 2AD	100%

All subsidiary undertakings are incorporated in the UK unless otherwise specified and are included in the consolidated financial statements of the Group, as a majority of voting rights are held in each case.

33 Group undertakings continued

(ii) Joint venture undertakings

Entity name	Registered office or principal place of business	Proportion of capital held	Financial year-end
Aberdeen Roads (Finance) PLC	Maxim 7, Maxim Office Park, Parklands Avenue, Eurocentral, Holytown, Scotland, ML1 4WQ	33%	31-Dec
Aberdeen Roads Holdings Limited	Maxim 7, Maxim Office Park, Parklands Avenue, Eurocentral, Holytown, Scotland, ML1 4WQ	33%	31-Dec
Aberdeen Roads Limited	Maxim 7, Maxim Office Park, Parklands Avenue, Eurocentral, Holytown, Scotland, ML1 4WQ	33%	31-Dec
ACP: North Hub Limited	PO Box 17452, 2 Lochside View, Edinburgh, EH12 1LB	50%	31-Dec
GBV JV Limited	3 Frayswater Place, Uxbridge, UB8 2AD	50%	30-Jun
GT Equitix Inverness Limited	PO Box 17452, 2 Lochside View, Edinburgh, EH12 1LB	50%	31-Mar
GT Equitix Inverness Holdings Limited	PO Box 17452, 2 Lochside View, Edinburgh, EH12 1LB	50%	31-Mar
Hub South East Scotland Limited	8 Melville Street, Edinburgh, EH3 7NS	50%	31-Mar
Kingseat Development 2 Limited	Morrison House, Kingseat Business Park, Kingseat, Newmachar, Aberdeenshire AB21 0AZ	50%	30-Jun
Space Scotland Limited	PO Box 17452, 2 Lochside View, Edinburgh, EH12 1LB	83% ¹	31-Mar
Urban Vision Partnership Limited	65 Gresham St, London, EC2V 7NQ	30%	31-Dec

The above entities are all incorporated in the UK and considered to be joint ventures, based on the shareholding agreements in place.

1 Treated as a joint venture as indicated by its joint venture agreement.

(iii) Associated and other significant undertakings

Entity name	Registered office or principal place of business	Proportion of capital held by class
Aberdeen Community Health Care Village Limited	PO Box 17452, 2 Lochside View, Edinburgh, EH12 1LB	30%
Alliance Community Partnership Limited	Avondale House, Suites 11 – 1o Phoenix Crescent Strathclyde Business Park, Bellshill, North Lanarkshire, Scotland, ML4 3NJ	10%
Galliford Try Qatar LLC	PO Box 11726 Doha, State of Qatar (incorporated in Qatar)	49%
Hub North Scotland (Alford) Limited	PO Box 17452, 2 Lochside View, Edinburgh, EH12 1LB	30%
Hub North Scotland (FWT) Limited	PO Box 17452, 2 Lochside View, Edinburgh, EH12 1LB	30%
Hub North Scotland (O&C) Limited	PO Box 17452, 2 Lochside View, Edinburgh, EH12 1LB	30%
Hub North Scotland (O&C) Holdings Limited	PO Box 17452, 2 Lochside View, Edinburgh, EH12 1LB	30%
Hub North Scotland Limited	PO Box 17452, 2 Lochside View, Edinburgh, EH12 1LB	30%
James Gillespie's Campus Subhub Holdings Limited	8 Melville Street, Edinburgh, EH3 7NS	50%
James Gillespie's Campus Subhub Limited	8 Melville Street, Edinburgh, EH3 7NS	50%
LBP DBFM Holdco Limited	PO Box 17452, 2 Lochside View, Edinburgh, EH12 1LB	50%
LBP DBFMco Limited	PO Box 17452, 2 Lochside View, Edinburgh, EH12 1LB	50%
Newbattle DBFM HoldCo Limited	PO Box 17452, 2 Lochside View, Edinburgh, EH12 1LB	50%
Newbattle DBFMCo Limited	PO Box 17452, 2 Lochside View, Edinburgh, EH12 1LB	50%
ELCH DBFMCo Limited	PO Box 17452, 2 Lochside View, Edinburgh, EH12 1LB	50%

Notes to the financial statements continued

33 Group undertakings continued

Entity name	Registered office or principal place of business	Proportion of capital held by class
ELCH DBFM Holdco Limited	PO Box 17452, 2 Lochside View, Edinburgh, EH12 1LB	50%
WCHS DBFMCo Ltd	PO Box 17452, 2 Lochside View, Edinburgh, EH12 1LB	50%
WCHS DBFM Holdco Ltd	PO Box 17452, 2 Lochside View, Edinburgh, EH12 1LB	50%
JICC DBFMCo Ltd	PO Box 17452, 2 Lochside View, Edinburgh, EH12 1LB	50%
JICC DBFM Holdco Ltd	PO Box 17452, 2 Lochside View, Edinburgh, EH12 1LB	50%
KHS DBFM HoldCo Limited	PO Box 17452, 2 Lochside View, Edinburgh, EH12 1LB	50%
KHS DBFMCo Limited	PO Box 17452, 2 Lochside View, Edinburgh, EH12 1LB	50%
QHS DBFMCo Ltd	PO Box 17452, 2 Lochside View, Edinburgh, EH12 1LB	50%
QHS DBFM Holdco Ltd	PO Box 17452, 2 Lochside View, Edinburgh, EH12 1LB	50%
REH Phase 1 Subhub Holdings Limited	PO Box 17452, 2 Lochside View, Edinburgh, EH12 1LB	50%
REH Phase 1 Subhub Limited	PO Box 17452, 2 Lochside View, Edinburgh, EH12 1LB	50%
REH Phase 2 DBFM HoldCo Limited	PO Box 17452, 2 Lochside View, Edinburgh, EH12 1LB	50%
REH Phase 2 DBFMCo Limited	PO Box 17452, 2 Lochside View, Edinburgh, EH12 1LB	50%
Hub North Scotland (I&F) Holdings Limited	PO Box 17452, 2 Lochside View, Edinburgh, EH12 1LB	30%
Hub North Scotland (I&F) Limited	PO Box 17452, 2 Lochside View, Edinburgh, EH12 1LB	30%
Hub South West Scotland Limited	Avondale House, Suites 1I – 1o Phoenix Crescent Strathclyde Business Park, Bellshill, North Lanarkshire, ML4 3NJ	6%
Hub SW Cumbernauld DBFMCo Limited	Avondale House, Suites 1I – 1o Phoenix Crescent Strathclyde Business Park, Bellshill, North Lanarkshire, ML4 3NJ	6%
Hub SW Cumbernauld Holdco Limited	Avondale House, Suites 1I – 1o Phoenix Crescent Strathclyde Business Park, Bellshill, North Lanarkshire, ML4 3NJ	6%

The above entities are all incorporated in the UK except Galliford Try Qatar LLC, which is incorporated in Qatar.

Entities listed above with 50% ownership percentage are treated as associates, as indicated by their ownership agreements.

Five-year record (unaudited)

	2020 £m	2021 £m	2022 £m	2023 £m	2024 £m
Revenue	1,121.6	1,124.8	1,237.2	1,393.7	1,772.8
Profit/(loss) before exceptional items	(59.7)	11.4	19.1	20.6	32.7
Exceptional items	25.1	-	(13.7)	(10.5)	(1.8)
Profit/(loss) before taxation	(34.6)	11.4	5.4	10.1	30.9
Tax	2.0	(1.0)	0.9	(1.0)	5.3
Profit/(loss) after taxation attributable to shareholders	(32.6)	10.4	6.3	9.1	36.2
Fixed assets (including IFRS 16 right-of-use assets), investments in joint ventures, PPP and other investments	67.5	73.2	79.4	90.4	98.5
Intangible assets and goodwill	85.0	82.9	97.0	98.3	97.9
Net current assets/(liabilities)	(14.4)	(24.4)	(43.4)	(61.4)	(56.5)
Other long-term assets	5.3	14.3	14.0	15.5	15.0
Long-term payables and provisions	(22.9)	(11.9)	(14.9)	(24.2)	(32.5)
Net assets	120.5	134.1	132.1	118.6	122.4
Share capital	55.5	55.5	55.5	52.4	52.0
Share premium	-	-	-	-	0.8
Reserves	65.0	78.6	76.6	66.2	69.6
Shareholders' funds	120.5	134.1	132.1	118.6	122.4
Dividends per share (pence)	-	4.7	8.0	22.5	15.5
Basic earnings per share (pence) ¹	(47.7)	9.5	16.0	16.6	27.9
Diluted earnings per share (pence) ¹	(47.7)	9.1	15.0	15.6	26.7

¹ Pre-exceptional.

Shareholder information

Financial calendar 2024

Half year results announced	6 March
Full year results announced	3 October
Ex dividend date – final dividend	7 November
Final dividend record date	8 November
Annual General Meeting	28 November
Final dividend payment	5 December

Shareholder enquiries

The Company's registrars are Equiniti Limited. They will be pleased to deal with any questions regarding your shareholding or dividend payments. Please notify them if you change your address or other personal information. Call the shareholder contact centre on 0371 384 2202. Lines open from 8.30am to 5.30pm, Monday to Friday. Alternatively, write to them at:

Equiniti Limited
Aspect House
Spencer Road
Lancing
West Sussex
BN99 6DA

You can find a number of shareholder services online via their website at www.shareview.co.uk, including the portfolio service which gives you access to more information on your investments such as balance movements, indicative share prices and information on recent dividends. You can also register your email address to receive shareholder information and Annual Report and Accounts electronically.

Share dealing service

A telephone and internet dealing service is available through Equiniti which provides a simple way of buying and selling Galliford Try shares. Commission is currently 1.5% with a minimum charge of £60 for telephone dealing and a minimum charge of £45 for internet dealing. For telephone sales call 0345 603 7037 between 8.00am and 4.30pm, Monday to Friday, and for internet sales log on to www.shareview.co.uk/dealing. You will need your shareholder reference number as shown on your share certificate. Share dealing services are also widely provided by other organisations. The Company is listed on the London Stock Exchange under the code GFRD and the SEDOL and ISIN references are BKY40Q3 and GB00BKY40Q38.

Group website

You can find out more about the Group on our website www.gallifordtry.co.uk which includes a section specifically prepared for investors. In this section you can check the Company's share price, find the latest Company news, look at the financial reports and presentations as well as search frequently asked questions and answers on shareholding matters. There is also further advice for shareholders regarding unsolicited boiler room frauds.

Company contact

Contact with existing and prospective shareholders is welcomed by the Company. If you have any questions please contact the General Counsel & Company Secretary, either at the registered office or via email (kevin.corbett@gallifordtry.co.uk).

Analysis of shareholdings at 30 June 2024

Size of shareholding	% of holders	Number of holders	% of shares	Number of shares
1-10,000	91.64%	2,808	2.81%	2,921,161
10,001-50,000	4.11%	126	2.83%	2,947,408
50,001-500,000	3.04%	93	16.01%	16,642,698
500,001 – highest	1.21%	37	78.35%	81,464,519
Total	100.00%	3,064	100.00%	103,975,786

Registered office

Galliford Try Holdings plc
Blake House
3 Frayswater Place
Cowley
Uxbridge
Middlesex
UB8 2AD

Stockbrokers

Peel Hunt LLP
Panmure Liberum Limited

Bankers

Barclays Bank PLC
HSBC Bank PLC

Registration

England and Wales 12216008

Independent auditor

BDO LLP



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